

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

001

APPLICATION FOR PERMIT TO DRILL		5. MINERAL LEASE NO: ML-47079	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: The Houston Exploration Company		9. WELL NAME and NUMBER: Hanging Rock 1-32	
3. ADDRESS OF OPERATOR: 1100 Louisiana Suite 20 CITY Houston STATE TX ZIP 77002		10. FIELD AND POOL, OR WILDCAT: wildcat <u>undesignated</u>	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 542' FNL & 690' FEL AT PROPOSED PRODUCING ZONE: Same as above		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 32 11S 23E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 70.85 miles South of Vernal Utah		12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 542'	16. NUMBER OF ACRES IN LEASE: 640	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 4,100'	19. PROPOSED DEPTH: 7,580	20. BOND DESCRIPTION: 104155044	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6,322.6'	22. APPROXIMATE DATE WORK WILL START: 2/15/2005	23. ESTIMATED DURATION: 30 days	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
11"	8 5/8" J-55 36#	2,000	PRIMIUM LITE II 250 SKS 3.38CF 11.0 PPG
			CLASS "G" 329 SKS 1.2 CF 15.6 PPG
			CALCIUM CHLORIDE 200 SKS 1.10 CF 15.6 PPG
7 7/8"	4 1/2" N-80 11.6#	8,000	PRIMIUM LITE II 200 SKS 3.3 CF 11.0 PPG
			CLASS "G" 400 SKS 1.56 CF 14.3 PPG

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- ☒ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
☒ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER

- ☒ COMPLETE DRILLING PLAN
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT)

William A. Ryan

TITLE Agent

SIGNATURE

DATE 1/25/2005

(This space for State use only)

API NUMBER ASSIGNED:

43-047-36309

**Approved by the
Utah Division of
Oil, Gas and Mining**

Date:

04-21-05

By:

[Signature]

T11S, R23E, S.L.B.&M.

THE HOUSTON EXPLORATION COMPANY

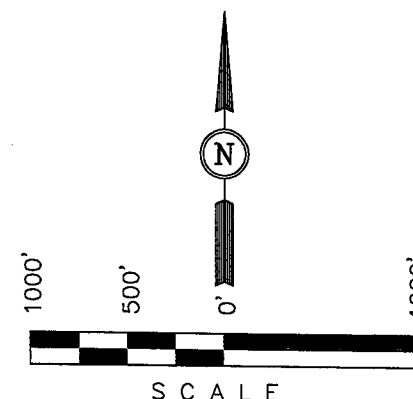
Well location, HANGING ROCK #1-32, located as shown in the NE 1/4 NE 1/4 of Section 32, T11S, R23E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION LOCATED IN THE SW 1/4 OF SECTION 1, T12S, R24E, S.L.B.&M. TAKEN FROM THE ARCHY BENCH SE, QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5887 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Robert L. Hays
REGISTERED LAND SURVEYOR
REGISTRATION NO. 86819
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 12-20-04	DATE DRAWN: 1-5-05
PARTY B.B. J.M. E.C.O.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE THE HOUSTON EXPLORATION COMPANY	

5286.60' (G.L.O.)

HANGING ROCK #1-32

Elev. Ungraded Ground = 6320'

1922 Brass Cap
1.3" High, Cedar
Post

542' (COMP)
90°12' (G.L.O.)
690'
N182°27'25"W - 2206.94' (Meas.)
S00°14'35"E - 2635.48' (Meas.)

1922 Brass Cap

S00°05'57"W - 2634.83' (Meas.)

1922 Brass Cap

1922 Brass Cap

N89°57'W - 2640.00' (G.L.O.)

N89°58'07"W - 2647.86' (Meas.)

(AUTONOMOUS NAD 83)

LATITUDE = 39°49'22.19" (39.822831)

LONGITUDE = 109°21'35.92" (109.359978)

(AUTONOMOUS NAD 27)

LATITUDE = 39°49'22.31" (39.822864)

LONGITUDE = 109°21'33.49" (109.359303)

LEGEND:

— = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

N00°04'W - 5280.00' (G.L.O.)

32

T11S
T12S

Ten Point Plan**The Houston Exploration Company****Hanging Rock #1-32**

Surface Location NE ¼ NE ¼, Section 32, T. 11S., R. 23 E.

1. Surface Formation

Green River

2. Estimated Formation Tops and Datum:

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	Surface	+6,323' G.L.
Uteland Butte Limestone	3,946	+2,377'
Wasatch	4,080	+2,243'
Mesaverda	5,747	+576'
Buck Tounge	8,080	-1,757'
Castlegate	8,152	-1,829'
TD	7,580	-1,257'

A 11" hole will be drilled to 2,000' +/- . The hole depth will depend on the depth that the Birds Nest Zone is encountered. The hole will be drilled 400' beyond the top of the Birds Nest.

3. Producing Formation Depth:

Formation objective includes the Green River, Wasatch, Mesaverde and its sub-members.

4. Proposed Casing:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/FT</u>	<u>Grade</u>	<u>Coupling & Tread</u>	<u>Casing Depth</u>	<u>New/Used</u>
11	8 5/8	36#	J-55	STC	2000	NEW
7 7/8	4 1/2	11.6#	N-80	LTC	T.D.	NEW

Cement Program:

The Surface Casing will be cemented to the Surface as follows:

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	8 5/8	Primium Lite II .05#/sk Static Free .25#/sk Cello Flake 5#/sk KOL Seal .002 gps FP-6L 10% Bentonite .5% Sodium Metasilicate 3% Potassium Chloride	250 sks. +/-	3.38ft ³ /sk	11.0 ppg
Tail:	8 5/8	Class "G" 2% Calcium Chloride .25#/sk Cello Flake	329 sks. +/-	1.2ft ³ /sk	15.6 ppg
Top Job:	8 5/8	4% Calcium Chloride .25#/sk Cello Flake	200 sks. +/-	1.10ft ³ /sk	15.6 ppg

Production casing will be cemented to 2,500' or higher as follows:

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:					
	4 1/2	Primium Lite II .25#/sk Cello Flake .05#/sk Static Free 5#/sk Kol Seal 3% Potassium Chloride .055 gps FP-6L 10% Bentonite .5 Sodium Metasilicate	200 sks +/-	3.3ft ³ /sk	11.0 ppg
Tail:					
	4 1/2	Class "G" .05% Static Free 2 Sodium Chloride .1% R-3 2% Bentonite	400 sks +/-	1.56ft ³ /sk	14.3 ppg

5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 3000 psi.

A 3000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 8 5/8" surface casing. The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

6. Mud Program:

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss Ml/30 Mins.</u>	<u>Mud Type</u>
0-2000	Air/Clear Water	-----	No Control	Water/Gel
2000-T.D.	8.4-12.0	30	8-10	Water/Gel

7. Auxiliary Equipment

Upper Kelly cock, full opening stabbing valve, 2 ½" choke manifold and pit level indicator.

8. Testing, Coring, Sampling and Logging:

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 10' from 2000' to T.D.
- d) Logging:

Type	Interval
DLL/SFL W/GR and SP	T.D. to Surf. Csg
FDC/CNL W/GR and CAL	T.D. to Surf. Csg

9. Abnormalities (including sour gas):

No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H₂S.

10. Drilling Schedule:

The anticipated starting date is March 15, 2005. Duration of operations is expected to be 30 days.

THE HOUSTON EXPLORATION COMPANY

13 POINT SURFACE USE PLAN

FOR WELL

HANGING ROCK #1-32

LOCATED IN NE $\frac{1}{4}$ NE $\frac{1}{4}$

SECTION 32, T.11S, R23E, S.L.B.&M.

UINTAH COUNTY, UTAH

LEASE NUMBER: ML-47079

SURFACE OWNERSHIP: STATE

1. Existing Roads:

To reach The Houston Exploration Co well Hanging Rock #1-32 in Section 32, T11S, R 23E, Starting in Vernal, Utah.

Proceed in an easterly, then southerly direction from Vernal, Utah along U.S. Highway 40 approximately 4.0 miles to the junction of State Highway 45; exit right and proceed in a southerly, then southeasterly direction approximately 41.5 miles to the junction of this road and an existing road to the southeast; turn left and proceed in a southeasterly direction approximately 3.8 miles to the junction of this road and State Highway 207 to the southwest; turn right and proceed in a southwesterly direction approximately 8.4 miles to the junction of this road and an existing road to the southwest; proceed in a southwesterly direction approximately 7.8 miles to the junction of this road and an existing road to the northwest; turn right and proceed in a northwesterly direction approximately 0.5 miles to the junction of this road and an existing road to the west; turn left and proceed in a westerly, then northerly direction approximately 2.7 miles to the junction of this road and an existing road to the northwest; turn left and proceed in a northwesterly direction approximately 0.45 miles to the beginning of the proposed access to the southwest; follow road flags in southwesterly direction approximately 200' to the junction

of this road and an existing two-track road to the west; turn right and proceed in a westerly, then southwesterly, then westerly direction approximately 0.8 miles to the beginning of the proposed access to the northwest; follow road flags in a northwesterly direction approximately 1.0 miles to the proposed location.

Total distance from Vernal, Utah to the proposed well location is approximately 70.85 miles.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads. Please see the attached map for additional details.

2. Planned access road

The proposed access road will be approximately 200' +/- of new construction off lease, 0.8 miles of two-track upgrade off lease, 3,780' of new construction off lease and approximately 1,500' of new construction on lease. The road will be graded once per year minimum and maintained.

A) Approximate length	9,704 ft
B) Right of Way width	30 ft
C) Running surface	18 ft
D) Surface material	Native soil
E) Maximum grade	5%
F) Fence crossing	None
G) Culvert	None
H) Turnouts	None
I) Major cuts and fills	None
J) Road Flagged	Yes
K) Access road surface ownership	State

L) All new construction on lease

No

M) Pipe line crossing **None**

Please see the attached location plat for additional details.

An off lease right-of-way will be required for approximately 8,204' +/-.

3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

A) Producing well	None
B) Water well	None
C) Abandoned well	None
D) Temp. abandoned well	None
E) Disposal well	None
F) Drilling /Permitted well	
Hanging Rock 16-32	
G) Shut in wells	None
H) Injection well	None
I) Monitoring or observation well	None

Please see the attached map for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than

six months or longer) structures constructed or installed will be painted a Desert Tan color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded. The required paint color is Desert Tan.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

The operator will adhere to all site security guidelines and regulation identified in 43 cfr 3126.7.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

If the well is capable of economic production a surface gas line will be required.

Approximately 4.72 miles +/- of 3" gathering line would be constructed on Federal and State Lands. The line would tie into the existing pipeline in Sec. 16, T11S, R23E. (Canyon Gas) The line will be strung and boomed along the west side of the access road and to the north of the location.

An off lease right-of-way will be required for approximately 23,422' +/-.

Please see the attached location diagrams for pipeline location. There will be no additional surface

disturbances required for the installation of a gathering line.

The gas meter run will be located within 500' of the wellhead. The gas line will be buried or anchored down from the wellhead to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration report will be submitted to the BLM's Vernal District office and State of Utah, Division of Oil, Gas, and Mining. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

Water for drilling and cementing will come from the White River at Bitter Creek, Permit # - T75377.

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during

construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **12 ft.** deep and most of the depth shall be below the surface of the existing ground. Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

- A) Pad length 345 ft.
- B) Pad width 220 ft.
- C) Pit depth 12 ft.
- D) Pit length 175 ft.
- E) Pit width 60 ft.
- F) Max cut 45.3 ft.
- G) Max fill 24.6 ft
- H) Total cut yds. 31,860 cu yds
- I) Pit location west side
- J) Top soil location north end
- K) Access road location south end
- L) Flare Pit corner C

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.

C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.

E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately 2,500 cubic yards of material. Topsoil will be stockpiled in one

distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. The unused portion of the location (the area outside the dead men) will be re-contoured.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled

All disturbed areas will be re-contoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 90 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep

seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Seed Mix

**To be determined by the
Authorized Officer.**

11. Surface ownership:

Access road	State & Federal
Location	State
Pipe line	State & Federal

12. Other information:

A) Vegetation

The vegetation coverage is Slight. The majority of the existing vegetation consists of non-native species. Rabbit brush, bitter brush, and Indian

Rice grass and Sagebrush are also found on the location.

B) Dwellings:

There are no dwelling or other facilities within a one-mile radius of the location.

C) Archeology:

The location has been surveyed. A copy of that survey will be forwarded to your office.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

The nearest water is the White River located 10 miles to the North.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

- a) Location Construction
At least forty eight (48) hours prior to construction of location and access roads.

- b) Location completion
Prior to moving on the drilling rig.

- c) Spud notice
At least twenty-four (24) hours prior to spudding the well.

- d) Casing string and cementing
At least twenty-four (24) hours prior to running casing and cementing all casing strings.

- e) BOP and related equipment tests
At least twenty-four (24) hours prior to initial pressure tests.

- f) First production notice
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

G) Flare pit:

The flare pit will be located in **corner C** of the reserve pit outside the pit fences and 100 feet from the bore hole on the east side of the location. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative

William A. Ryan
Rocky Mountain Consulting
290 S 800 E
Vernal, UT 84078

Office 435-789-0968
Fax 435-789-0970
Cellular 435-828-0968

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

B) Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be preformed by The Houston

Exploration Company and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

Date 2/9/05



William A. Ryan, Agent
Rocky Mountain Consulting

Onsite Dates:

Statement of use of Hazardous Materials

No chemical(s) from the EPA's consolidated list of Chemicals subject to Reporting under Title III of the Superfund Amendments and Reauthorization, Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

William A Ryan
Agent for The Houston Exploration Company
Rocky Mountain Consulting
290 S 800 E
Vernal, UT 84078

435-789-0968 Office
435-828-0968 Cell
435-789-0970 Fax

APPLICATION FOR TRANSPORTATION AND
UTILITY SYSTEMS AND FACILITIES
ON FEDERAL LANDS

FORM APPROVED
OMB NO. 1004-0060
Expires: December 31, 2001

FOR AGENCY USE ONLY

NOTE: Before completing and file application, the applicant should completely review this package and schedule a preapplication meeting with representatives of the agency responsible for processing the application. Each agency may have specific and unique requirements to be met in preparing and processing the application. Many times, with help of the representative, the application can be completed at the application meeting.

Application Number

Date Filed

1 Name and address of the applicant (include Zip code)
**The Houston Exploration Company
1100 Louisiana Suite 2000
Houston, TX 77002**

2 Name, title, and address of authorized agent if different from item 1 (include zip code)
**William A Ryan
290 S 800 E
Vernal, UT 84078**

3 TELEPHONE (area code)

Applicant

713-830-6800

Authorized Agent

435-789-0968

4

- a ☐ Individual
b ☒ Corporation*
c ☐ Partnership/Association*
d ☐ State Government/State Agency
e ☐ Local Government
f ☐ Federal Agency

* If checked complete supplemental page

6 If an individual, or partnership are you a citizen(s) of the United States?

7 Project description (describe in detail): (a) Type of system or facility, e.g., canal, pipeline, road); (b) related structures and facilities; (c) physical specifications (length, width, grade, etc.); (d) term of years needed; (e) time of year of use or operation; (f) Volume or amount of production to be transported; (g) duration and time of construction; and (h) temporary work area needed for construction (Attach additional sheets, if additional space is needed.)

- a. Application for Right-of-Way for a 3" surface pipeline. *Hanging Rock 1-32*
b. No related structures or facilities will be required on Federal lands.
c. Pipeline length of 24,504', 15' width, 30' Temporary width
d. 20 years or the production life of the well.
e. year round
f. approximately 2,000 mcf/day of dry gas.
g. one week.
h. none.

RECEIVED
FEB 16 2005
DIV. OF OIL, GAS & MINING

8 Attach a map covering area and show location of proposal

9 State or Local government approval ☐ Attached ☒ Applied for ☐ Not Required

10 Nonreturnable application fee: ☒ Attached ☐ Not Required

11 Does Project cross international or affect international waterways? ☐ Yes ☒ No

12 Give statement of your technical and financial capability to conduct, operate, maintain, and terminate system for which authorization is being requested

**The Houston Exploration Company has conducted operations on Federal Lands for more than ten years
The Houston Exploration Company has designed and constructed numerous gathering pipelines with the
BLM, Vernal Field Office. The Houston Exploration Company has the financial capability to construct, operate
maintain, and terminate the proposed gathering system.**

13 a Describe other reasonable alternative routes and modes considered.
An alternative would be to bury the pipeline.

b Why were these alternatives not selected
The buried pipeline option was not chosen due to cost considerations and erosional considerations.

c Give explanation as to why it is necessary to cross Federal Lands.
Gas from the proposed well on State School Trust Lands will have to be transported to a transmission system.

14 List authorization and pending application filed for similar projects which may provide information to authorizing agency. (specify number, date, code, or name)
An Application for Permit to Drill has been filed with the State of Utah Division of Oil, Gas and Mining.

15 Provide statement of need for project, including the economic feasibility and items as: (a) cost of proposal (construction, operation, and maintenance); (b) estimated cost of next best alternative; and (c) expected public benefits.
**a. The cost estimate for pipeline construction, \$3/ft of installed surface gas gathering line.
b. The cost estimate for the alternative would be \$5/ft of installed buried gas gathering line.**

16 Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles.
There will be no significant impacts on the areas population, social or economic aspects or the rural lifestyle from the proposed project.

17 Describe likely environmental effects project will have on: (a) air quality; (b) visual impacts; (c) surface and ground water quality and Quantity; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land including vegetation, permafrost, soil, and soil stability.
**a. minimal d. no change
b. minimal e. minimal
c. minimal f. slight disturbance when pipeline is boomed off the access.**

18 Describe the probable effects that the proposed project will have on (a) populations of fish, plantlike, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing, collecting, or killing these animals.
**a. There will be little or no impacts on fish, plantlife, wildlife, and threatened and endangered species
b. NA**

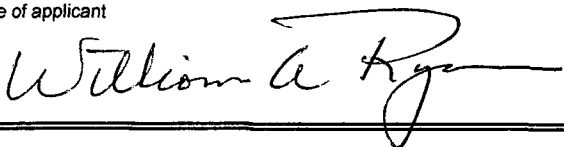
19 State whether any hazardous material, as defined in this paragraph, will be used, transported or stored on or within the right-of-way or any of the right-of-way facilities, or used in the construction, operation, maintenance or termination of the right-of-way or any of its facilities. "Hazardous Material" means any substance, pollutant or contaminant that is listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulations. The definition of hazardous substances under CERCLA includes any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), as amended, 42 U.S.C. 6901 et seq., and its regulations. The term hazardous material also includes any nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or described as a hazardous substance, under CERCLA Section 101(14), 42 U.S.C. 9601(14), nor does the term include natural gas.
Less than one gallon per day of methanol could be used to minimize line freezing in the winter months.

20 Name all the Department(s)/Agency(ies) where this application is being filed.
Bureau of Land Management, Vernal Field Office. Vernal, UT

Cc: Utah Division of Oil, Gas and Mining.

I HEREBY CERTIFY, That I am of legal age and authorized to do business in the State and that I have personally examined the information contained in the application and believe that the information submitted is correct to the best of my knowledge.

Signature of applicant



Date

2/9/2005

Titel 18, U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the Utah States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

SUPPLEMENTAL

NOTE: The responsible agency(ies) will provide additional instructions

**CHECK APPROPRIATE
BLOCK**

I - PRIVATE CORPORATIONS

ATTACHED

FILED*

a. Articles of Incorporation

☐
☐

b. Corporation Bylaws

☐
☐

c. A certification from the State showing the corporation is in good standing and is entitled to operate within the State.

☐
☐

d. Copy of resolution authorizing filing

☐
☐

e. The name and address of each shareholder owning 3 percent or more of the shares, together with the number and percentage of any class of voting shares of the entity which such shareholder is authorized to vote and the name and address of each affiliate of the entity together with, in the case of an affiliate controlled by the entity, the number of shares and the percentage of any class of voting stock of that affiliate owned, directly or indirectly, by that entity, and in the case of an affiliate which controls that entity, the number of shares and the percentage of any class of voting stock of that entity owned, directly or indirectly, by the affiliate.

☐
☐

f. If application is for an oil or gas pipeline, describe any related right-of-way or temporary use permit applications, and identify previous applications.

☐
☐

g. If application is for an oil and gas pipeline, identify all Federal lands by agency impacted by proposal.

☐
☐

II - PUBLIC CORPORATIONS

a. Copy of law forming corporation

☐
☐

b. Proof of organization

☐
☐

c. Copy of Bylaws

☐
☐

d. Copy of resolution authorizing filing

☐
☐

e. If application is for an oil or gas pipeline, provide information required by Item "I-f" and "I-g" above.

☐
☐

III - PARTNERSHIP OR OTHER UNINCORPORATED ENTITY

a. Articles of association, if any

☐
☐

b. If one partner is authorized to sign, resolution authorizing action is

☐
☐

c. Name and address of each participant, partner, association, or other

☐
☐

d. If application is for an oil or gas pipeline, provide information required by Item "I-f" and "I-g" above.

☐
☐

* If the required information is already filed with the agency processing this application and is current, check block entitled "Filed." Provide the file identification information (e.g., number, date, code, name). If not on file or current, attach the requested information.

All bonds and articals of incorporation are on file.

The Paperwork Reduction Act of 1995 requires us to inform you that:
The Federal agencies collect this information from applicants requesting right-of-way, permit, license, lease, or certifications for the use of Federal lands.
Federal agencies use this information to evaluate your proposal.

No Federal agency may request or sponsor, and you are not required to respond to a request for information which does not contain a currently valid OMB Control Number.

BURDEN HOURS STATEMENT

The public burden for this form is estimated at 25 hours per response including the time for reviewing instructions, gathering and maintaining data, and

completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to: U.S. Department of the Interior, Bureau of Land Management (1004-0189), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401LS, Washington, D.C. 20240

A reproducible copy of this form may be obtained from the Bureau of Land Management, Land and Realty Group, 1620 L Street, N.W., Rm. 1000LS, Washington, D.C. 20036.

(Continued on page 5)

Right-of-Way Plan of Development

3" Surface Pipeline

The Houston Exploration Company

Hanging Rock 1-32

Sec. 32, T11S, R23E

The Houston Exploration Company has proposed the construction of a pipeline on BLM administered lands. The following information is provided as a supplement to the right-of-way application.

PIPELINE

A. Description of the Facility

1. Purpose and Need for the Right-of-Way Facility.

- a. The proposed surface pipeline will transport dry gas from proposed wells in Section 32, T11S, R23E to an existing gathering line in Section 16, T11S, R23E.
- b. The pipeline will be part of a gathering system.
- c. The pipeline will be a 3" steel line. The line will be a surface line.
- d. The line will be welded at a location pad and pulled down the proposed access road. The line will then be boomed off the access road. The width of the right-of-way will be 15 feet.

2. Facility Design Factors

- a. The pipeline will operate at less than 500 psi. The line will transport *dry* gas. The soils in the area are stable. The operating temperature of the gathering system will reflect the day and nighttime temperature of the area.
- b. NA

3. Additional Components of the Right-of-Way

- a. The proposed pipeline will tie into an existing pipeline in Section 16, T11S, R23E
- b. The operator has no plans for a compressor or pumping stations at this time.

4. Governmental Agency Involvement

- a. NA
- b. NA

5. Right-of-Way Location

- a. Please see attached map.
- b. NA
- c. Please see attached map.
- d. Please see attached map.
- e. BLM Surface Pipeline

State	Length 1,500ft +/-, width 15 feet	Section 32, T11S, R23E
BLM	Length 7,504 ft +/-, width 15 feet	Section 33, T11S, R23E
BLM	Length 4,000 ft +/-, width 15 feet	Section 34, T11S, R23E
BLM	Length 1,500 ft +/-, width 15 feet	Section 27, T11S, R23E
BLM	Length 6,000 ft +/-, width 15 feet	Section 28, T11S, R23E
BLM	Length 5,500 ft +/-, width 15 feet	Section 21, T11S, R23E
State	Length 800 ft +/-, width 15 feet	Section 16, T11S, R23E

BLM acreage pipeline 24,504' X 15=367,560' 367,560'/ 43,560= 8.44 acres

6. Resource Values and Environmental Concerns

- a. An archeological survey has been conducted on the location and pipeline.

7. Construction of the Facility

- a. NA
- b. NA
- c. NA

8. Stabilization and Rehabilitation

- a. Please see # 10.

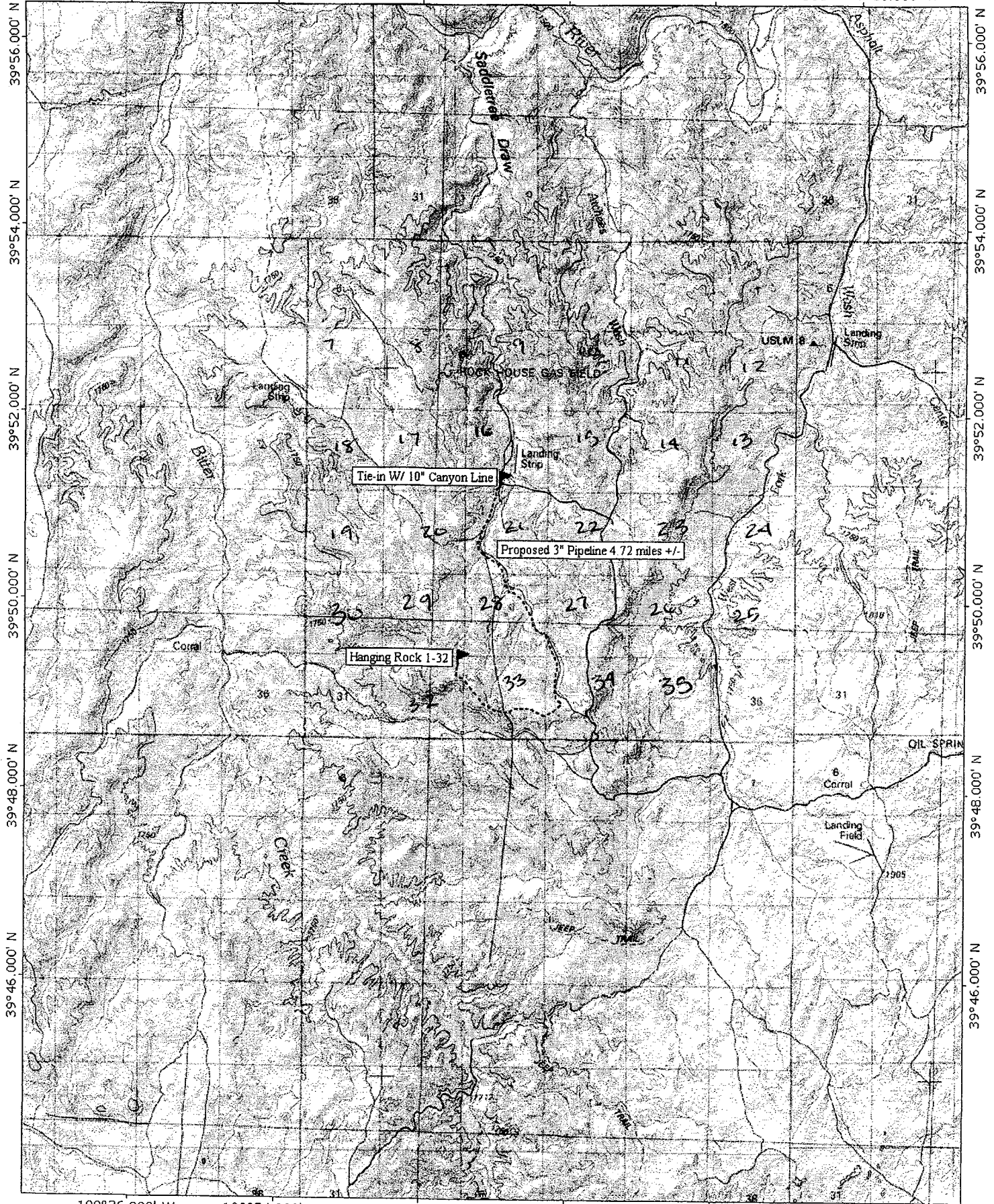
9. Operation and Maintenance of the Facility

- a. Additional construction or expansions are not planned at this time.
- b. Additions or removal of the pipe is not anticipated at this time.
- c. All maintenance will be restricted to the right-of-way.
- d. The operator has no plans to hydro-statically test the pipeline.

10. Termination and Restoration

- a. The operator will remove the 3" pipeline at the termination of the right-of-way unless requested to do otherwise by the Authorized Officer. Prior to removing the 24,504' of pipe, an onsite will be held with the BLM to insure removal and reclamation will conform to all applicable BLM regulations and requirements.

109°26.000' W 109°24.000' W 109°22.000' W 109°20.000' W 109°18.000' W WGS84 109°16.000' W



TN 12°

0 0.5 1 1.5 2 2.5 3 3.5 miles
0 1 2 3 4 5 km

APPLICATION FOR TRANSPORTATION AND
UTILITY SYSTEMS AND FACILITIES
ON FEDERAL LANDS

FORM APPROVED
OMB NO. 1004-0060
Expires: December 31, 2001

FOR AGENCY USE ONLY

NOTE: Before completing and file application, the applicant should completely review this package and schedule a preapplication meeting with representatives of the agency responsible for processing the application. Each agency may have specific and unique requirements to be met in preparing and processing the application. Many times, with help of the representative, the application can be completed at the application meeting.

Application Number

Date Filed

1 Name and address of the applicant (include Zip code)

**The Houston Exploration Company
1100 Louisiana Suite 2000
Houston, TX 77002**

2 Name, title, and address of authorized agent if different from item 1 (include zip code)

**William A Ryan
290 S 800 E
Vernal, UT 84078**

3 TELEPHONE (area code)

Applicant

713-830-6800

Authorized Agent

435-789-0968

4

- a ☐ Individual
b ☒ Corporation
c ☐ Partnership/Association
d ☐ State Government/State Agency
e ☐ Local Government
f ☐ Federal Agency

* If checked complete supplemental page

6 If an individual, or partnership are you a citizen(s) of the United States?

7 Project description (describe in detail): (a) Type of system or facility, e.g., canal, pipeline, road); (b) related structures and facilities; (c) physical specifications (length, width, grade, etc.); (d) term of years needed; (e) time of year of use or operation; (f) Volume or amount of production to be transported; (g) duration and time of construction; and (h) temporary work area needed for construction (Attach additional sheets, if additional space is needed.)

- a. Application for access road. *Hanging Rock 1-32*
b. No related structures or facilities will be required on Federal lands.
c. Access road will be approximately 8,204', width 30', running surface 18'.
d. 20 years or the production life of the well.
e. year round
f. oil and gas related traffic.
g. 2 days
h. none.

RECEIVED
FEB 16 2005
DIV. OF OIL, GAS & MINING

8 Attach a map covering area and show location of proposal

9 State or Local government approval ☐ Attached ☒ Applied for ☐ Not Required

10 Nonreturnable application fee: ☒ Attached ☐ Not Required

11 Does Project cross international or affect international waterways? ☐ Yes ☒ No

12 Give statement of your technical and financial capability to conduct, operate, maintain, and terminate system for which authorization is being requested

The Houston Exploration Company has constructed operations on State and Federal lands for more than 10 years. The Houston Exploration Company has constructed numerous access roads with the BLM, Vernal Field Office. The Houston Exploration Company has the financial capability to construct, operate, and maintain the proposed access road.

13 a Describe other reasonable alternative routes and modes considered.

Due to topographic restraints the proposed access road was the only route possible.

b Why were these alternatives not selected

NA

c Give explanation as to why it is necessary to cross Federal Lands.

It is necessary to cross Federal Lands to access the subject well Hanging Rock 1-32 on State Lands.

14 List authorization and pending application filed for similar projects which may provide information to authorizing agency. (specify number, date, code, or name)

An Application for Permit to Drill has been filed with the State of Utah Division of Oil, Gas and Mining.

15 Provide statement of need for project, including the economic feasibility and items as: (a) cost of proposal (construction, operation, and maintenance); (b) estimated cost of next best alternative; and (c) expected public benefits.

a. 1,000 dollars per mile.

b. 5,000 dollars per mile for crown and ditch access road.

c. decreased dependancy on foreign oil and gas, increased local jobs.

16 Describe probable effects on the population in the area, including the social and economic aspects, and the rural lifestyles.

There will be no significant impacts on the areas population, social or economic aspects or the rural lifestyle from the proposed project.

17 Describe likely environmental effects project will have on: (a) air quality; (b) visual impacts; (c) surface and ground water quality and Quantity; (d) the control or structural change on any stream or other body of water; (e) existing noise levels; and (f) the surface of the land including vegetation, permafrost, soil, and soil stability.

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b. mimimal

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c. minimal

f. slight disturbance when pipeline is boomed off the access.

18 Describe the probable effects that the proposed project will have on (a) populations of fish, plantlike, wildlife, and marine life, including threatened and endangered species; and (b) marine mammals, including hunting, capturing, collecting, or killing these animals.

a. There will be little or no impacts on fish, plantlife, wildlife, and threatened and endangered species

b. NA

19 State whether any hazardous material, as defined in this paragraph, will be used, transported or stored on or within the right-of-way or any of the right-of-way facilities, or used in the construction, operation, maintenance or termination of the right-of-way or any of its facilities. "Hazardous Material" means any substance, pollutant or contaminant that is listed as hazardous under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq., and its regulations. The definition of hazardous substances under CERCLA includes any "hazardous waste" as defined in the Resource Conservation and Recovery Act of 1976 (RCRA), ass amended, 42 U.S.C. 6901 et seq., and its regulations. The term hazardous material also includes any nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended, 42 U.S.C. 2011 et seq. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or described as a hazardous substance, under CERCLA Section 101(14), 42 U.S.C. 9601(14), nor does the term include natural gas.

None forseen at this time.

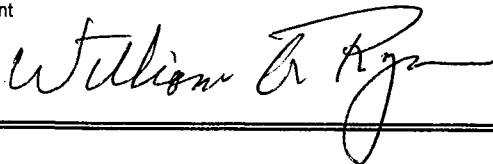
20 Name all the Department(s)/Agency(ies) where this application is being filed.

Bureau of Land Management, Vernal Field Office. Vernal, UT

Cc: Utah Division of Oil, Gas and Mining.

I HEREBY CERTIFY, That I am of legal age and authorized to do business in the State and that I have personally examined the information contained the information contained in the application and believe that the formation submitted in correct to the best of my knowledge.

Signature of applicant



Date

2/9/2005

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SUPPLEMENTAL

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**CHECK APPROPRIATE
BLOCK**

I - PRIVATE CORPORATIONS

	ATTACHED	FILED*
a. Articles of Incorporation	<input type="checkbox"/>	<input type="checkbox"/>
b. Corporation Bylaws	<input type="checkbox"/>	<input type="checkbox"/>
c. A certification from the State showing the corporation is in good standing and is entitled to operate within the State.	<input type="checkbox"/>	<input type="checkbox"/>
d. Copy of resolution authorizing filing	<input type="checkbox"/>	<input type="checkbox"/>
e. The name and address of each shareholder owning 3 percent or more of the shares, together with the number and percentage of any class of voting shares of the entity which such shareholder is authorized to vote and the name and address of each affiliate of the entity together with, in the case of an affiliate controlled by the entity, the number of shares and the percentage of any class of voting stock of that affiliate owned, directly or indirectly, by that entity, and in the case of an affiliate which controls that entity, the number of shares and the percentage of any class of voting stock of that entity owned, directly or indirectly, by the affiliate.	<input type="checkbox"/>	<input type="checkbox"/>
f. If application is for an oil or gas pipeline, describe any related right-of-way or temporary use permit applications, and identify previous applications.	<input type="checkbox"/>	<input type="checkbox"/>
g. If application is for an oil and gas pipeline, identify all Federal lands by agency impacted by proposal.	<input type="checkbox"/>	<input type="checkbox"/>

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a. Copy of law forming corporation	<input type="checkbox"/>	<input type="checkbox"/>
b. Proof of organization	<input type="checkbox"/>	<input type="checkbox"/>
c. Copy of Bylaws	<input type="checkbox"/>	<input type="checkbox"/>
d. Copy of resolution authorizing filing	<input type="checkbox"/>	<input type="checkbox"/>
e. If application is for an oil or gas pipeline, provide information required by Item "I-f" and "I-g" above.	<input type="checkbox"/>	<input type="checkbox"/>

III - PARTNERSHIP OR OTHER UNINCORPORATED ENTITY

a. Articles of association, if any	<input type="checkbox"/>	<input type="checkbox"/>
b. If one partner is authorized to sign, resolution authorizing action is	<input type="checkbox"/>	<input type="checkbox"/>
c. Name and address of each participant, partner, association, or other	<input type="checkbox"/>	<input type="checkbox"/>
d. If application is for an oil or gas pipeline, provide information required by Item "I-f" and "I-g" above.	<input type="checkbox"/>	<input type="checkbox"/>

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(Continued on page 5)

Right-Of- Way Plan of Development

The Houston Exploration Company

Hanging Rock 1-32

Section 32, T11S, R23E

The Houston Exploration Company proposes the construction of an access road, on BLM administered land. The following information is supplemental to the attached SF-299.

Access Road

A. Description of the Facility

1. Purpose and need for the Right-Of-Way Facility

- a. Whether the proposal involves a new road, a reconstructed road, or an existing road:

The proposed right-of-way would involve the construction of approximately 5,480 feet of new road for access and approximately 4,224 of two-track upgrade to the Hanging Rock 1-32 well location.

- b. Whether the use is temporary or permanent:

Duration of road use will depend primarily upon the results of the drilling operation. Construction, drilling and completion operations will require approximately thirty days per well from start to finish. Should the well prove non-productive, the right-of-way will be required for a period of approximately eighteen months until such time as final abandonment and reclamation have been achieved. In the event commercial production is established from the proposed well in Section 32, this right-of-way would be utilized for a period of approximately thirty years, or until such time as the well should become commercially non-productive.

- c. The type and volume of traffic anticipated:

The type of traffic anticipated on this right-of-way includes heavy industrial truck traffic related to oil & gas exploration and development activities. The proposed access road right-of-way would provide access to State well Hanging Rock 1-32.

- d. The relationship to the Bureau transportation plan.

To our knowledge, this proposed right-of-way has no relationship to any existing or proposed Vernal Field Office Transportation Management Plan.

- e. The relationship to State & Local Transportation Plans.

The proposed right-of-way has no know relationship to any existing or proposed State of Utah or Uintah County Transportation Management Plan.

- f. The origin and destination of the road.

The proposed road right-of-way originates in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 34, Township 11 South, Range 23 East and proceeds in a Westerly then Northwesterly direction approximately 9,704' to the proposed location in the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ in Section 32, Township 11 South, Range 23 East.

2. Facility Design Factors.

- a. Construction of a standard road.

The 9,704 feet of proposed construction will be constructed in accordance with road guidelines established for oil and gas exploration and development activities as referenced in the joint BLM/USFS publication: Surface Operating Standards for Oil and Gas Exploration and Development, Third Edition and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction.

Approximately six inches of topsoil will be stripped from the access road route prior to performing any further construction activities thereon.

If soils along the access road route are dry during road construction, water will be applied to the road surface to facilitate soil compaction and minimize soil loss as a result of wind erosion.

- b. The Maximum grade and pitch on the road.

The maximum grade and/or pitch along the proposed right-of-way is five percent or less.

- c. Requirements and location of drainage ditches, culverts, bridges, and low-water crossings.

Drainage ditches on/along the proposed access road will be bladed and shaped in accordance with the lines, grades, dimensions, and typical cross sections. Culverts will be installed along the access road route as necessary or required by the Authorized Officer, Bureau of Land Management in accordance with road guidelines contained in the joint BLM/USFS publication: Surface Operating Standards for Oil and Gas Exploration and Development, Third Edition and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction.

- d. Easements from adjacent landowners.

The well location and portions of the proposed access road located in Section 32 of Township 11 South, Range 23 East are situated on a surface estate which is owned by the State of Utah and administered in trust on behalf of the Utah Public School System by:

State of Utah
School and Institutional Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, UT 84102
(801) 538-5100

Those portions of the proposed access road route located in Section 34, & 33 of Township 11 South, Range 23 East are situated on a surface estate, which is owned by the United States of America and administered in trust by:

Vernal Field Office
Bureau of Land Management
170 South 500 East
Vernal, UT 84078
(435) 781-4400

3. Additional Components of the Right-Of-Way.

- a. Connection to existing road systems.

The proposed access road connects to County D road Bitter Creek Road in the SW ¼ of NW ¼ of section 34, Township 11 South, Range 23 East.

- b. Location of equipment storage areas.

No equipment storage areas will be required on federal lands.

- c. Requirements for road maintenance with other individuals.

There are no known right-of-way grants on or along the proposed access route. The Houston Exploration Company hereby agrees to enter into a joint maintenance agreement with any future right-of-way grantees on or along the proposed access road right-of-way as necessary or required by the Authorized Officer.

4. Governmental Agency Involvement.

- a. Corps of Engineers Section 404 permits.

Not required for this proposed access road right-of-way.

- b. State or local permits, easements, or dedications.

None required for this proposed access road right-of-way.

- c. Road maintenance agreements with local or State governmental agencies.

None required for this proposed access road right-of-way.

5. Right-Of-Way Location.

In addition to the maps required to locate the right-of-way in the field and those needed for notation of Bureau records, plans of development may require:

- a. Road cross-sections and plans and profiles.

Please refer to Attachments.

- b. Section corner ties.

Not required at this time.

- c. Acreage calculations of the right-of-way by land status.

Center line: Please see attached map.
Cross Section: NA
Area map: Please see attached map.
Legal description of centerline:

Section 34, Township 11 South, Range 23 East
Section 33, Township 11 South, Range 23 East
Section 32, Township 11 South, Range 23 East

BLM access road	Sec 34	1,200' X 30' = 36,000 sq. ft.
	Sec 33	7,004' X 30' = 210,120 sq. ft

State access road Sec 32 1,500' X 30' = 45,000 sq. ft

291,120 sq.ft./ 43,560 ft.= 6.68 acres

6. Resource Values and Environmental Concerns

- a. An archeological survey has been conducted.

7. Construction of the Facility.

Access to the proposed right-of-way.

Bitter Creek Road, Uintah County Utah.
Section 34, Township 11 South, Range 23 East

- a. Submission of detailed engineering plans and specifications for major construction projects may be required for:

(1) Earthwork.

Detailed engineering plans have not been prepared in conjunction with this access road right-of-way application. Please refer to Attachment "A" for general information in this regard.

(2) Major culverts.

Culverts will be installed on/along the proposed access road right-of-way as necessary or required by the Authorized Officer, Bureau of Land Management. Any culverts required will be installed in accordance with roading guidelines contained in the joint BLM/USFS publication: *Surface Operating Standards for Oil and Gas Exploration and Development*, Third Edition and/or BLM Manual Section 9113 concerning road construction standards on projects subject to federal jurisdiction. Attachment "B" presents a typical design for culvert installation on permanent roads to be constructed across public domain lands.

(3) Bridges.

No bridges will be required on/along the proposed access road right-of-way.

(4) Retaining walls.

No retaining walls will be required on/along the proposed access road right-of-way.

b. Methods of construction and types of equipment to be used on the road right-of-way.

The Houston Exploration Company will contact the Authorized Officer or his/her representative at least three (3) days prior to the anticipated start of construction on the Hanging Rock 1-32 well location. The Houston Exploration Company will provide the name, address, and phone number of Their representative in charge of construction and provide a maintenance Schedule before starting any routine maintenance activities associated with this right-of-way, if required by the Authorized Officer, Bureau of Land Management.

c. Methods of construction and types of equipment to be used on the road right-of-way.

The total road right-of-way width will be thirty feet, fifteen feet to either side of centerline.

During construction of the access road, topsoil will be windrowed to each side of centerline and placed in the "borrow ditch" areas upon completion of construction operations for future reclamation of the road right-of-way. Equipment anticipated for use in the construction of the proposed road right-of-way would primarily include both tracked bulldozers and road graders. Approximately three (3) days will be required for the construction of the 2,100' of new access road prior to the commencement of drilling operations on the subject well location.

The Houston Exploration Company will be responsible for informing all persons associated with this project that they will be subject to prosecution for damaging, altering, excavating or removing any archaeological, historical, or vertebrate fossil objects or site(s). If archaeological, historical or vertebrate fossil materials are discovered, The Houston Exploration Company will suspend all operations that further disturb such materials and immediately contact the Authorized Officer. Operations will not resume until written authorization to proceed is issued by the Authorized Officer.

Within five working days the Authorized Officer will evaluate the discovery and inform The Houston Exploration Company of actions that will be necessary to prevent loss of significant cultural or scientific values.

The Houston Exploration Company will be responsible for the cost of any mitigation required by the Authorized Officer. The Authorized Officer will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the Authorized Officer that the required mitigation has been completed, The Houston Exploration Company will be allowed to resume operations.

d. Seasonal restriction on various construction activities.

No construction or maintenance activities will be performed during periods when the soil is too wet to adequately support construction equipment. If such equipment creates ruts in excess of six or eight inches in depth, the soil shall be deemed to be too wet to adequately support construction equipment.

e. The Houston Exploration Company will conduct all activities associated with the construction, operation, and termination of this right-of-way within the authorized limits of the right-of-way.

f. The Houston Exploration Company will protect all survey monuments found within the right-of-way. Survey monuments include, but are not limited to, General Land Office and Bureau of Land Management Cadastral Survey Corners, reference corners, witness points, U.S. Coastal and Geodetic benchmarks and triangulation stations, military control monuments, and recognizable civil (both public and private) survey monuments. In the event of obliteration or disturbance of any of the above, The Houston Exploration Company will immediately report the incident, in writing, to the Authorized Officer and the respective installing authority, if known.

Where General Land Office or Bureau of Land Management right-of-way monuments or references are obliterated during operations, The Houston Exploration Company will secure the services of a registered land surveyor or a Bureau cadastral surveyor to restore the disturbed monuments and references using surveying procedures found in the *Manual of Surveying Instructions for the Survey of Public Lands of the United States*, latest edition. The Houston Exploration Company shall record such survey in the appropriate county and send a copy to the Authorized Officer. If the Bureau cadastral surveyors or other Federal surveyors are used to restore the disturbed survey monument, The Houston Exploration Company will be responsible for the survey cost.

8. Stabilization and Rehabilitation.

a. Soil replacement and stabilization.

Upon reclamation of the disturbed areas on or along the access road right-of-way, windrowed topsoil will be distributed evenly in the "borrow ditch" areas and seeded in place for future reclamation upon termination of the access road right-of-way.

b. Re-contouring of the disturbed right-of-way

To be performed upon termination and final abandonment of the access road and right-of-way, as determined necessary by the Authorized Officer, Bureau of Land Management.

c. Placement of water bars and/or other water control structures.

Water turnouts will be constructed along the access road right-of-way as necessary or required in order to provide for proper drainage on or along the primary access road right-of-way.

d. Disposal of trees, stumps and brush cut on or along the right-of-way.

There will not be any trees, stumps and or brush cut along the proposed access road right-of-way.

e. Seed mixture and rate of application.

Prior to commencement of seeding operations, the seedbed will be prepared by disking on the contour to a depth of four to six inches. The entire disturbed area will be uniformly covered with depressions constructed perpendicular to the natural flow of water to facilitate the capture of moisture and subsequent promotion of re-vegetation success. All disturbed surfaces will be reseeded using a seed mixture recommended by the Authorized Officer, Bureau of Land Management.

f. Method of seed application.

Seed will be drilled on the contour with a seed drill equipped with a depth regulator in order to ensure even depths of planting not to exceed one-half inch. Utilize the outside bins of the seed drill for shrub seeds.

Fall seeding will be completed after September 1st and prior to ground frost. If applicable, spring seeding will be completed after the frost has left the ground and prior to May 1st.

The seeding will be repeated until a satisfactory stand, as determined by the Authorized Officer is achieved. The Bureau of Land Management will evaluate reseeding success after completion of the first full growing season after reseeding has been preformed.

g. Use of fertilizer.

Not required on this particular access road right-of-way

h. Limiting access to the right-of-way.

We do not anticipate the need to limit access to the right-of-way at this time.

9. Operation and Maintenance of the Facility.

a. Minimum maintenance requirements and maintenance schedules.

The Houston Exploration Company will be responsible for preventative and corrective road maintenance from the beginning of completion of operations under this grant. This may include, but is not limited to, balding of the roadway, cleaning ditches and drainage facilities, dust abatement, or other requirements as directed by the Authorized Officer.

b. Joint maintenance responsibilities and agreements.

The Houston Exploration Company agrees to enter into a joint maintenance agreement with any future right-of-way grant holders on or along the proposed access road route to share maintenance costs in dollars, equipment, materials, and manpower proportionate to each holder's use.

c. Placement of control, warning, and directional traffic signs.

We do not anticipate the need for any control, warning and/or directional traffic signs along any portion of the right-of-way at this point in time.

d. Maintenance of "*Special Needs*" such as snow removal, seasonal closures, and controlled access.

The Houston Exploration Company will conduct all snow removal and snow berm construction within the authorized limits of the right-of-way grant. Snow removal and/or snow berm construction operations required on re-vegetated areas or areas outside of the authorized right-of-way, will be conducted in a manner that will not disturb the surface of the ground. To prevent any surface disturbance, all equipment used for snow removal operations shall be equipped with shoes to keep the blade six (6) inches off the ground. The Houston Exploration Company will take special precautions where the surface of the ground is uneven and at all drainage crossings to ensure that equipment blades do not touch the ground surface.

The Houston Exploration Company will do everything reasonably within its' power and shall require its' employees, contractors, and employees of

contractors to do everything reasonably within their power, both independently and upon request of the Bureau of Land Management to prevent and suppress fires on or near the lands to be occupied under this grant.

Use of pesticides shall comply with the applicable federal and state laws. Pesticides shall be used only in accordance with their registered uses and within limitations imposed by the Secretary of the Interior. Prior to the use of pesticides, The Houston Exploration Company will obtain from the Authorized Officer written approval of a plan showing the type and quantity of material(s) to be used, pest(s) to be controlled, method of application, location of storage and disposal of containers, and any other information deemed necessary by the Authorized Officer.

Emergency use of pesticides shall be approved in writing by the Authorized Officer, Bureau of Land Management prior to such use. The Houston Exploration Company will be responsible for weed control on disturbed areas within the limits of this right-of-way. The Houston Exploration Company will be responsible for consultation with the Authorized Officer and/or local authorities for acceptable weed control measures (within the limits described above).

The Houston Exploration Company will comply with all applicable federal laws and regulations existing or hereinafter enacted or promulgated. In any event, The Houston Exploration Company shall comply with the *Toxic Substances Control Act of 1976*, as amended (15 U.S.C. 2601, *et seq.*) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant (see 40 CFR, Part 702-799 and especially, provisions on poly-chlorinated biphenyls, 40 CFR 76 1.1-761.193). Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the *Comprehensive Environmental Response, Compensation and Liability Act of 1980* (CERCLA), Section 102b. A copy of any report required or requested by any federal agency or state government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved federal agency or state government.

The Houston Exploration Company will promptly remove and dispose of all waste caused by their activities. The term "*waste*" as used herein means all discarded matter including, but not limited to, human waste, trash, garbage, refuse, oil drums, petroleum products, ashes, and equipment. Wastes shall be disposed of in a sanitary landfill.

The Houston Exploration Company will not use dirt roads as access routes when such use would cause severe rutting or erosion, as determined by the Authorized Officer.

Construction activity shall be suspended on public lands if soil conditions warrant, as determined by the Authorized Officer.

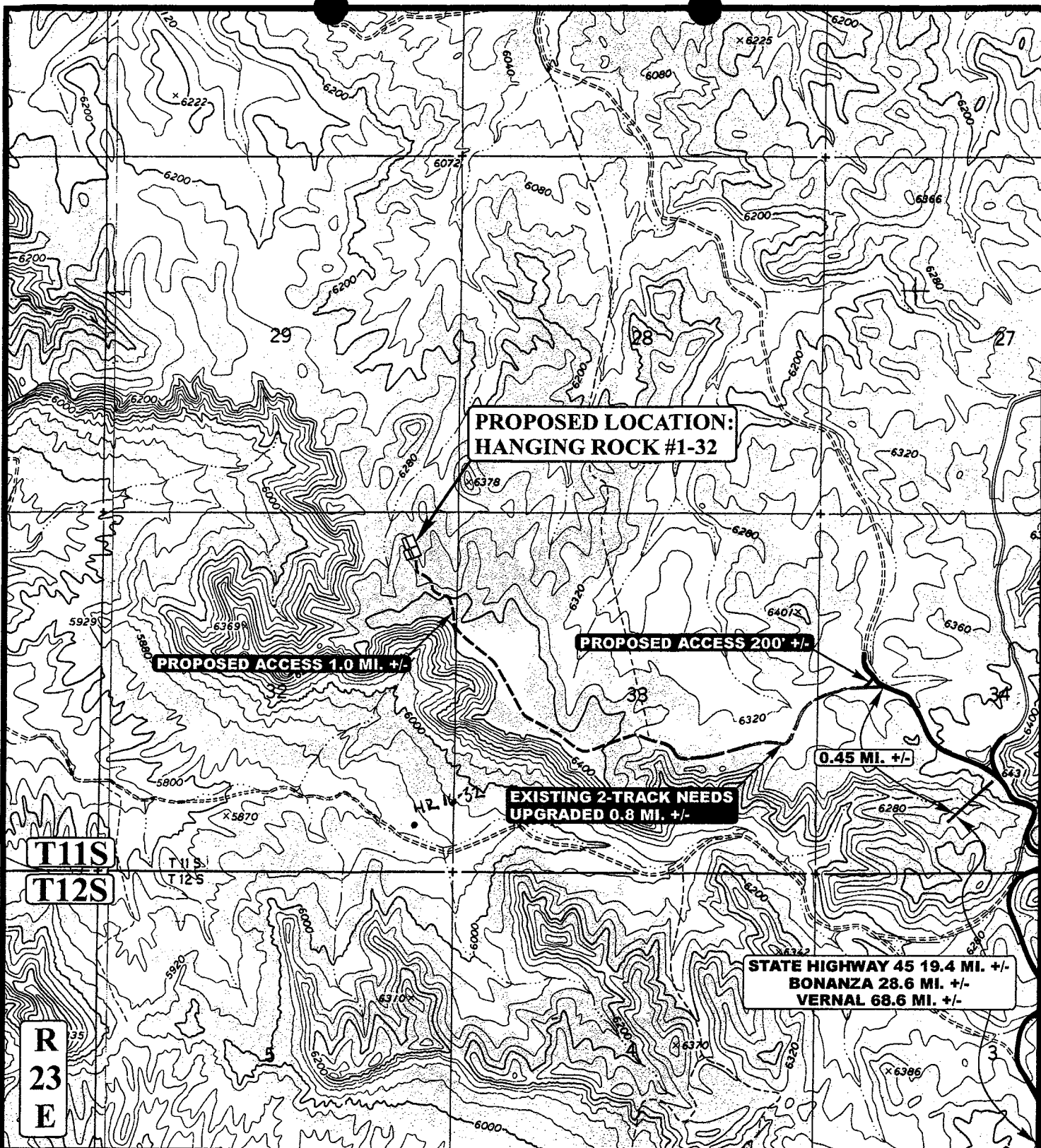
10. Termination and Restoration.

- a. In the event the well, Hanging Rock 1-32 is a dry hole, The Houston Exploration Company will request in writing relinquishment of the right-of-way, or provide notification in writing justifying a continuing need for the right-of-way (or portions thereof) by the holder. If a continuing need is justified and approved by the Authorized Officer, all terms, conditions, and stipulations are subject to revision.
- b. Prior to abandonment of the facilities authorized by this grant, The Houston Exploration Company will contact the Authorized Officer to arrange a joint inspection of the right-of-way. The inspection will be held to agree on an acceptable abandonment and reclamation plan. The Authorized Officer must approve the plan in writing prior to The Houston Exploration Company commencing any abandonment and/or reclamation activities. The plan may include the removal of drainage structures or surface material(s); re-contouring; replacement of topsoil; seeding, mulching, etc.

11. General Information.

Boundary adjustments in the federal oil and gas lease/unit will automatically amend this right-of-way to include that portion of the facility no longer contained within the above-described lease/unit. In the event of an automatic amendment to this right-of-way grant, the prior on-lease/unit conditions of approval of this facility will not be affected even though they would now apply to facilities outside of the lease/unit as a result of a boundary adjustment. Rental fees, if appropriate, will be recalculated based on conditions of this grant and the regulations in effect at the time of an automatic amendment.

The holder of this right-of-way grant or the holder's successor in interest shall comply with Title VI of the *Civil Rights Act* of 1964 (42 U.S.C. 200d *et seq*) and the regulations of the Secretary of the Interior issued pursuant thereto.



LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD
- EXISTING 2-TRACK NEEDS UPGRADED



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



THE HOUSTON EXPLORATION COMPANY

HANGING ROCK #1-32
SECTION 32, T11S, R23E, S.L.B.&M.
542' FNL 690' FEL

TOPOGRAPHIC 12 22 04
MAP MONTH DAY YEAR
SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00



THE HOUSTON EXPLORATION COMPANY
HANGING ROCK #1-32
LOCATED IN UINTAH COUNTY, UTAH
SECTION 32, T11S, R23E, S.L.B.&M.

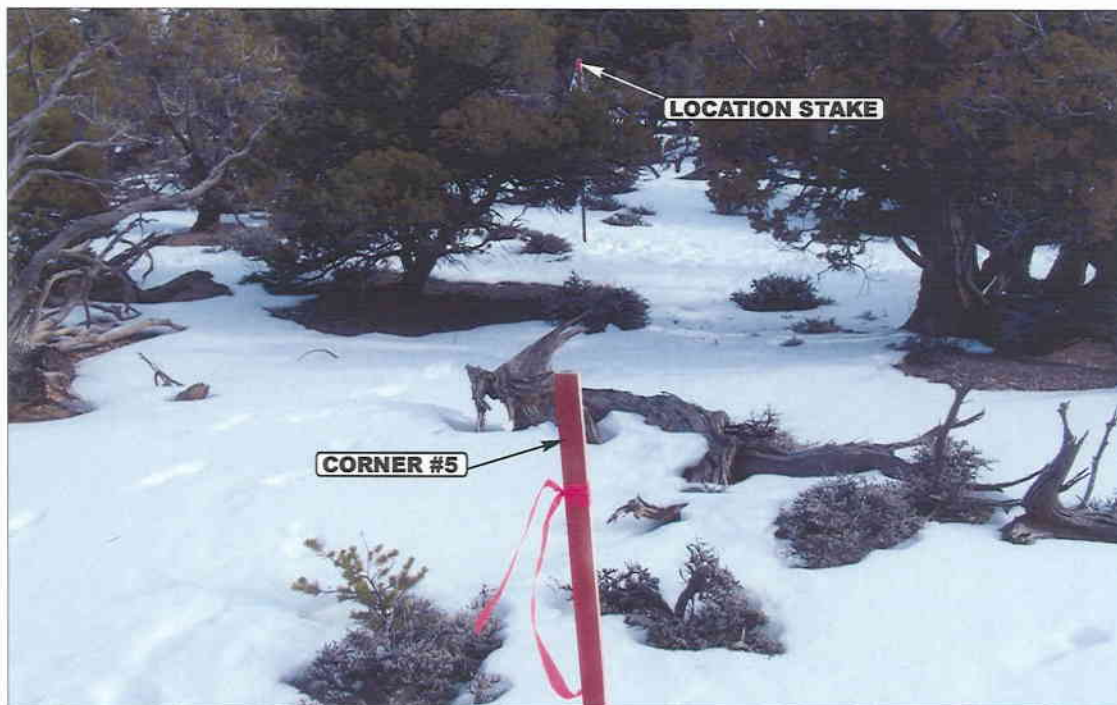


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHWESTERLY



UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

TOPOGRAPHIC MAP	12	22	04	PHOTO
	MONTH	DAY	YEAR	
TAKEN BY: B.B.	DRAWN BY: C.P.		REVISED: 00-00-00	

THE HOUSTON EXPLORATION COMPANY

FIGURE #1

LOCATION LAYOUT FOR HANGING ROCK #1-32 SECTION 32, T11S, R23E, S.L.B.&M. 542' FNL 690' FEL

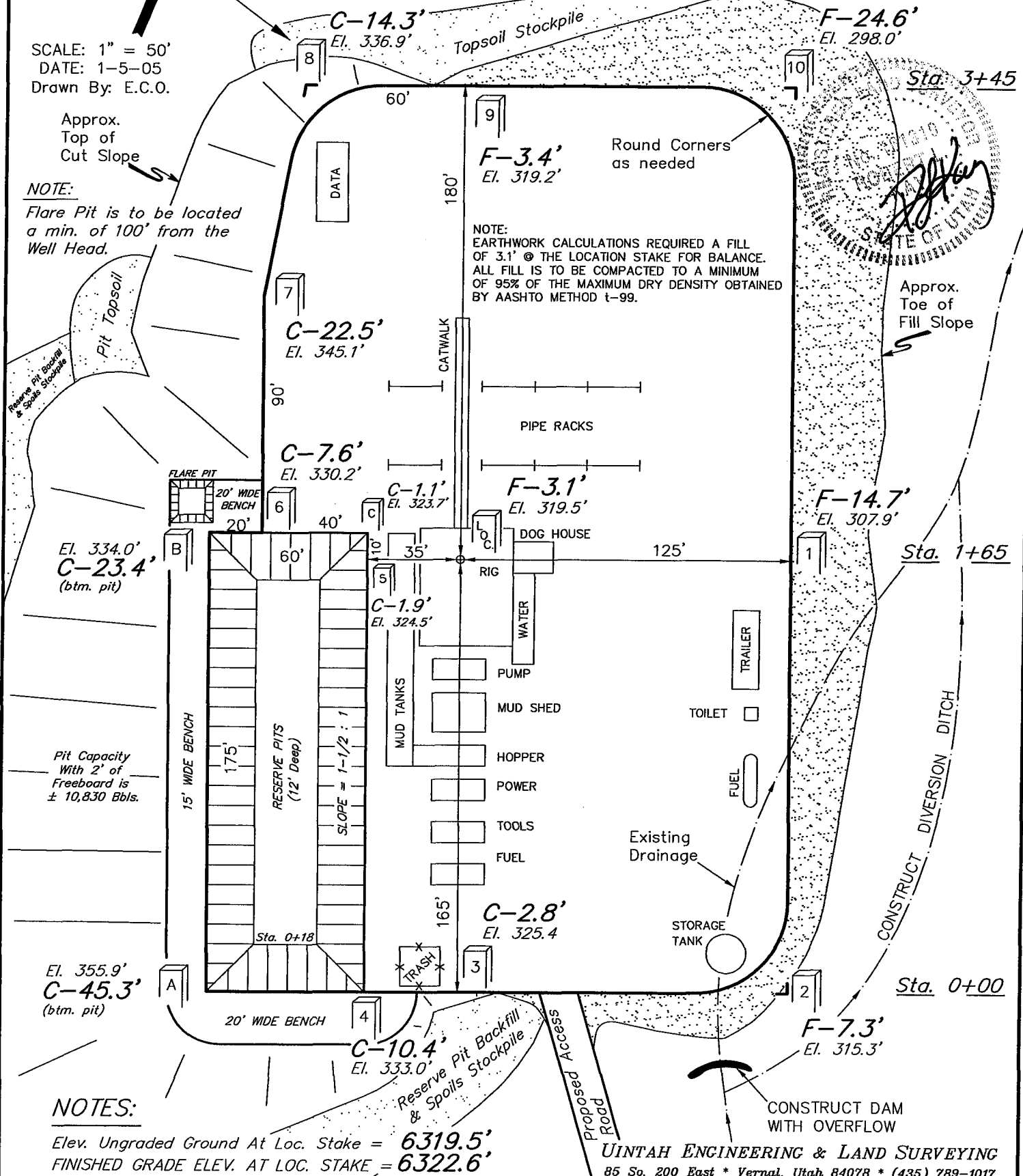
SCALE: 1" = 50'
DATE: 1-5-05
Drawn By: E.C.O.

Approx.
Top of
Cut Slope

NOTE:

Flare Pit is to be located
a min. of 100' from the
Well Head.

NOTE:
EARTHWORK CALCULATIONS REQUIRED A FILL
OF 3.1' @ THE LOCATION STAKE FOR BALANCE.
ALL FILL IS TO BE COMPACTED TO A MINIMUM
OF 95% OF THE MAXIMUM DRY DENSITY OBTAINED
BY AASHTO METHOD t-99.



NOTES:

Elev. Ungraded Ground At Loc. Stake = 6319.5'
FINISHED GRADE ELEV. AT LOC. STAKE = 6322.6'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

THE HOUSTON EXPLORATION COMPANY

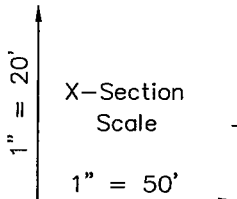
FIGURE #2

TYPICAL CROSS SECTIONS FOR

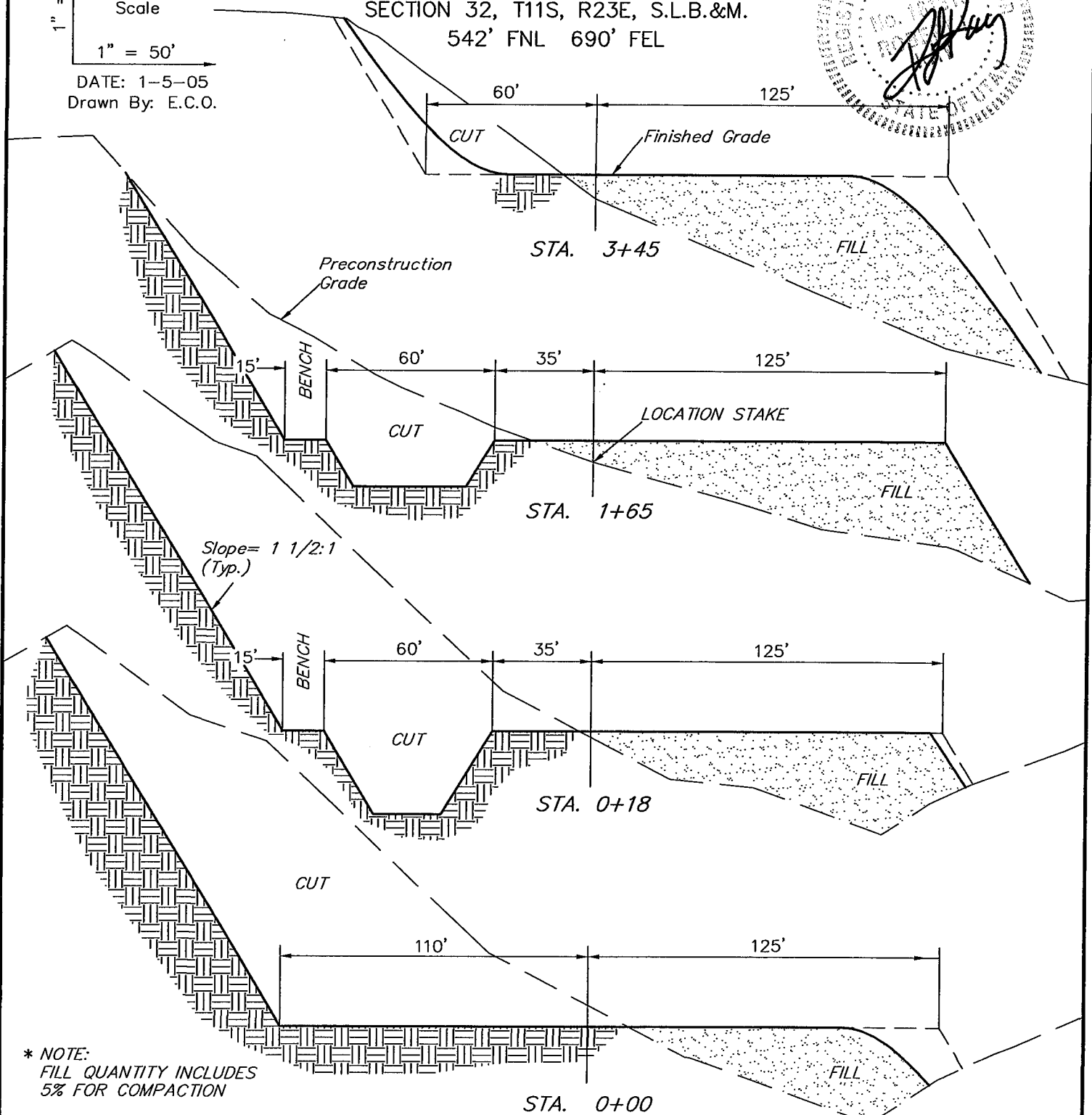
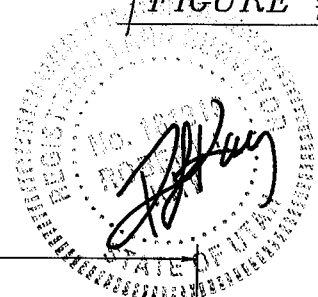
HANGING ROCK #1-32

SECTION 32, T11S, R23E, S.L.B.&M.

542' FNL 690' FEL



DATE: 1-5-05
Drawn By: E.C.O.



* NOTE:
FILL QUANTITY INCLUDES
5% FOR COMPACTION

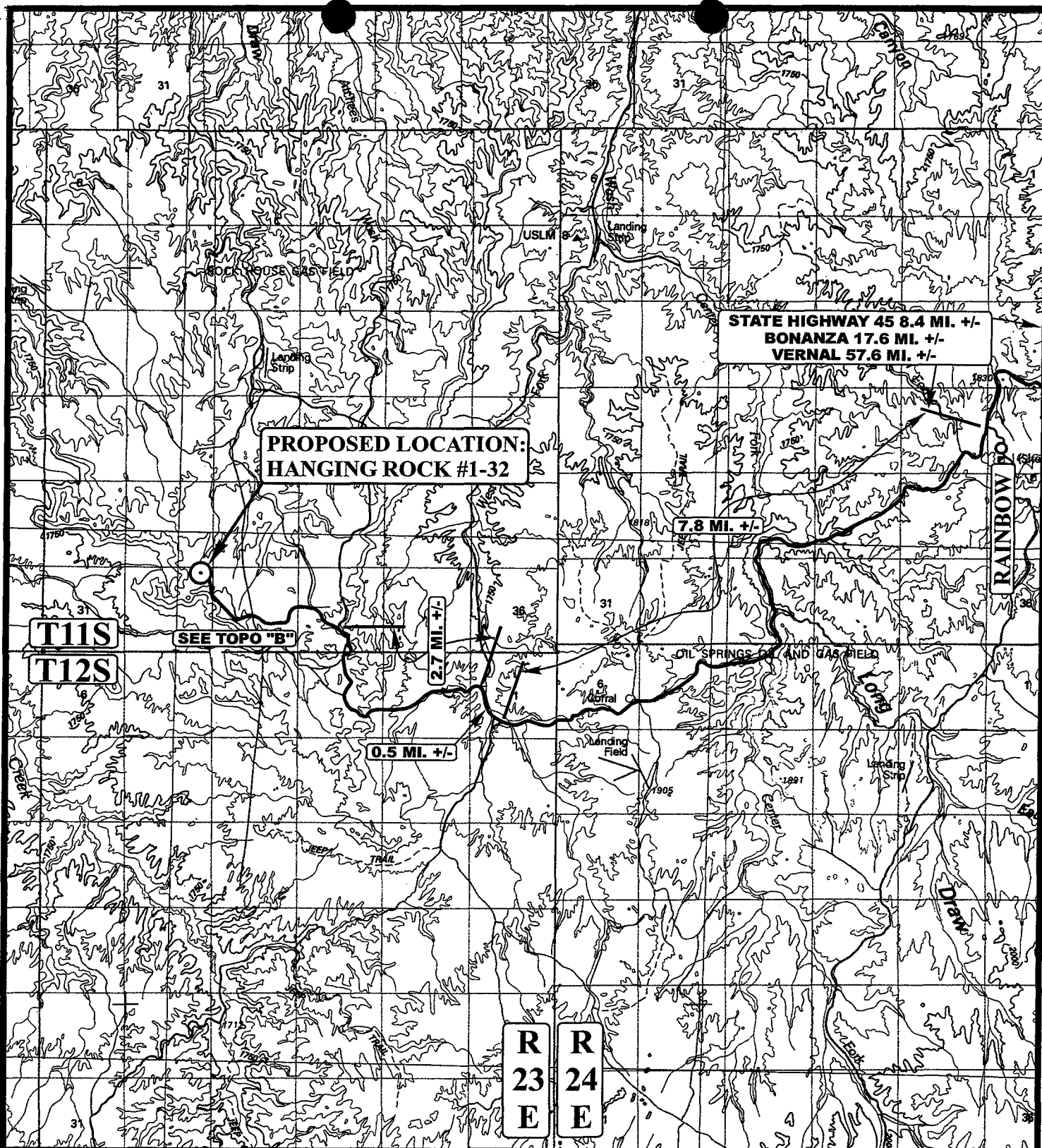
APPROXIMATE YARDAGES

CUT
(6") Topsoil Stripping = 2,500 Cu. Yds.
Remaining Location = 29,360 Cu. Yds.

TOTAL CUT = 31,860 CU.YDS.
FILL = 27,870 CU.YDS.

EXCESS MATERIAL = 3,990 Cu. Yds.
Topsoil & Pit Backfill
(1/2 Pit Vol.) = 3,990 Cu. Yds.
EXCESS UNBALANCE = 0 Cu. Yds.
(After Rehabilitation)

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LEGEND:

○ PROPOSED LOCATION

THE HOUSTON EXPLORATION COMPANY

HANGING ROCK #1-32

SECTION 32, T11S, R23E, S.L.B.&M.

542' FNL 690' FEL



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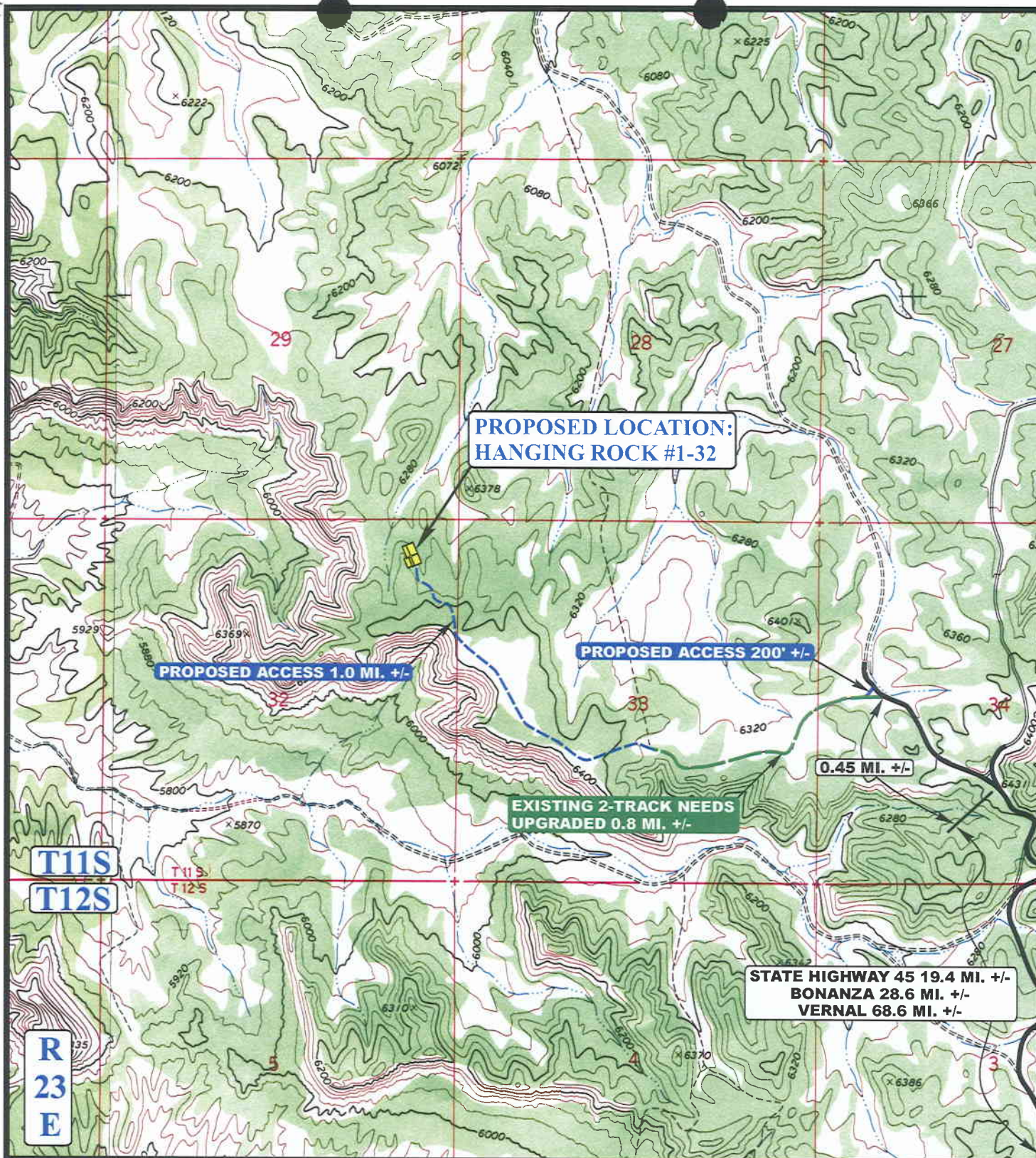


TOPOGRAPHIC
 MAP

12 22 04
 MONTH DAY YEAR

SCALE: 1:100,000 | DRAWN BY: C.P. | REVISED: 00-00-00





LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD
- EXISTING 2-TRACK NEEDS UPGRADED



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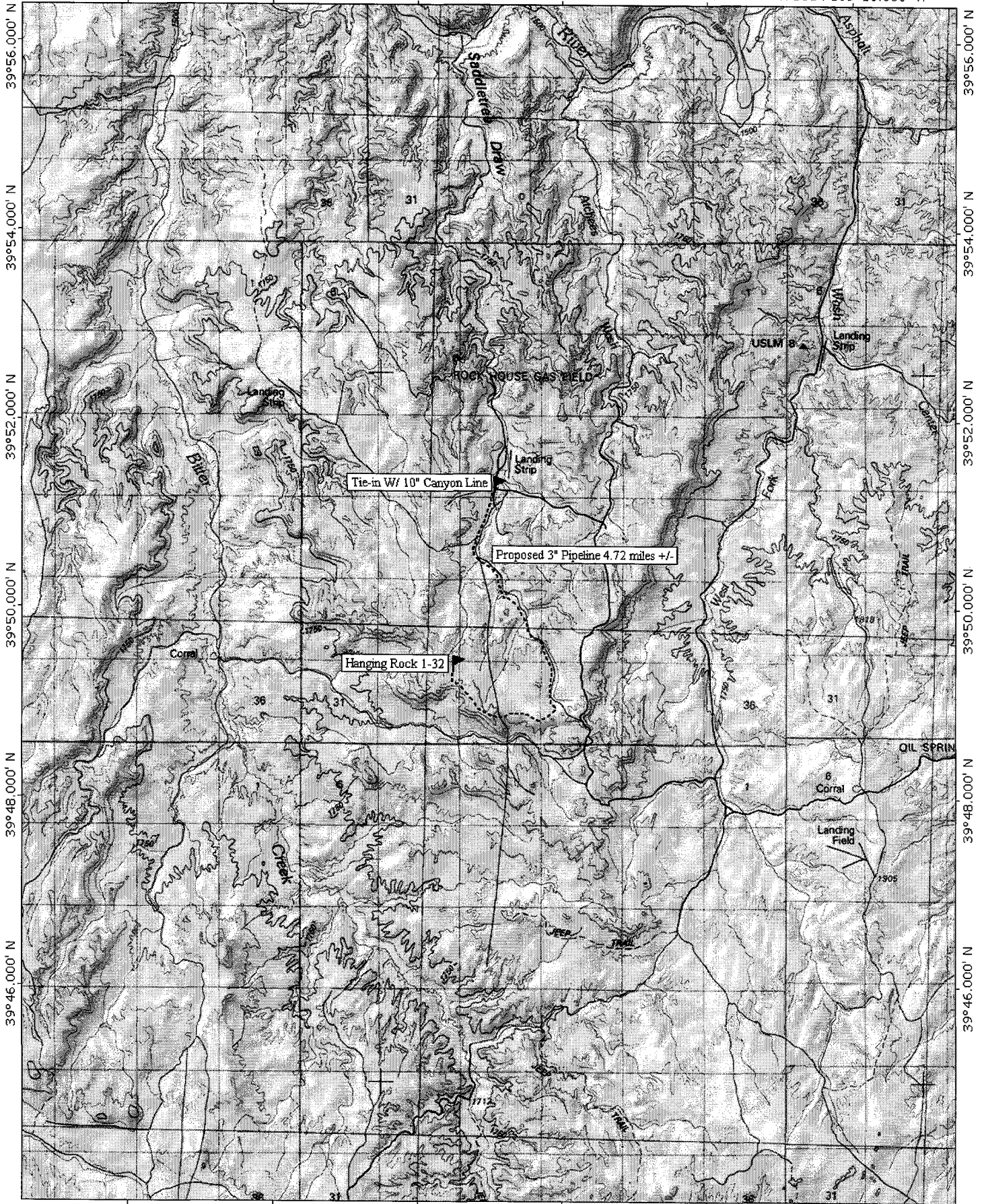


THE HOUSTON EXPLORATION COMPANY

HANGING ROCK #1-32
 SECTION 32, T11S, R23E, S.L.B.&M.
 542' FNL 690' FEL

TOPOGRAPHIC 12 22 04
MAP MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00

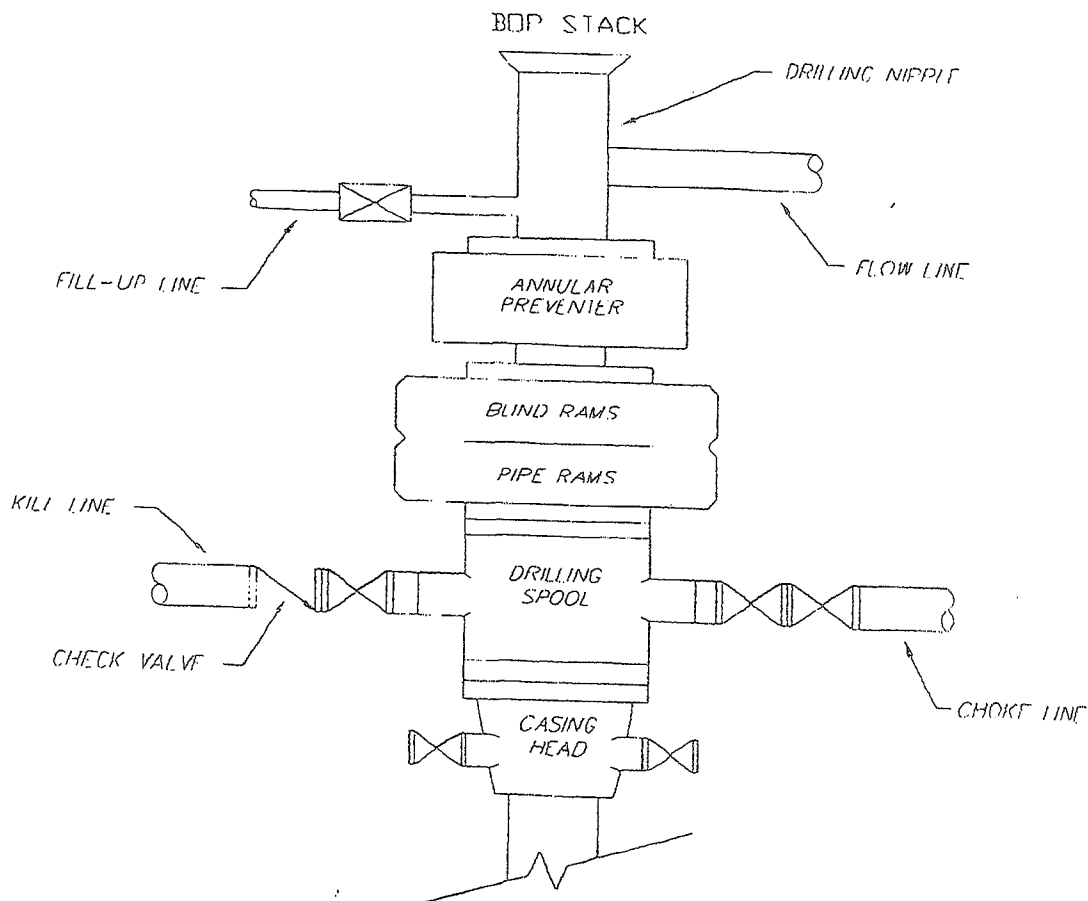




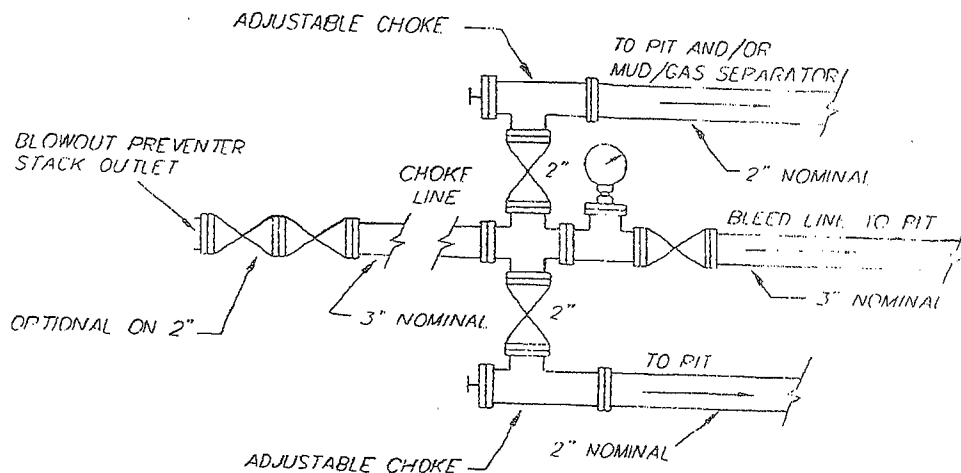
TN 12° MN

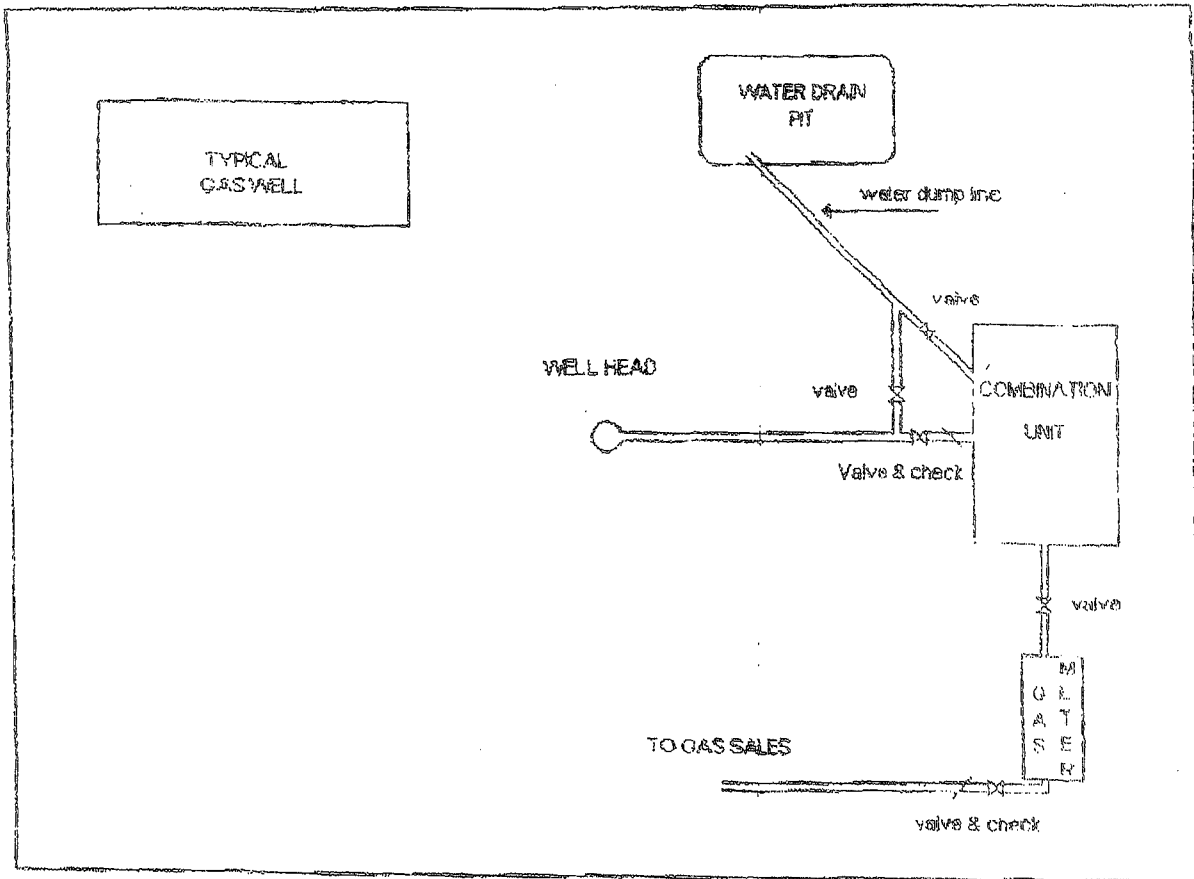
THE HOUSTON EXPLORATION COMPANY

TYPICAL 3,000 p.s.i. BLOWOUT PREVENTER SCHEMATIC



TYPICAL 3,000 p.s.i. CHOKER MANIFOLD SCHEMATIC





003

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/16/2005

API NO. ASSIGNED: 43-047-36309

WELL NAME: HANGING ROCK 1-32OPERATOR: HOUSTON EXPLORATION CO, (N2525)CONTACT: BILL RYANPHONE NUMBER: 435-789-0968

PROPOSED LOCATION:

NENE 32 110S 230E

SURFACE: 0542 FNL 0690 FEL

BOTTOM: 0542 FNL 0690 FEL

UINTAH

UNDESIGNATED (2)

LEASE TYPE: 3 - State

LEASE NUMBER: ML47079

SURFACE OWNER: 3 - State

PROPOSED FORMATION: CSLGT

COALBED METHANE WELL? NO

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	3/15/05
Geology		
Surface		

LATITUDE: 39.82283

LONGITUDE: -109.3594

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[] Ind[] Sta[] Fee[]
(No. 104155044)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. T75377)
☒ RDCC Review (Y/N)
(Date: _____)
☒ Fee Surf Agreement (Y/N)

LOCATION AND SITING:

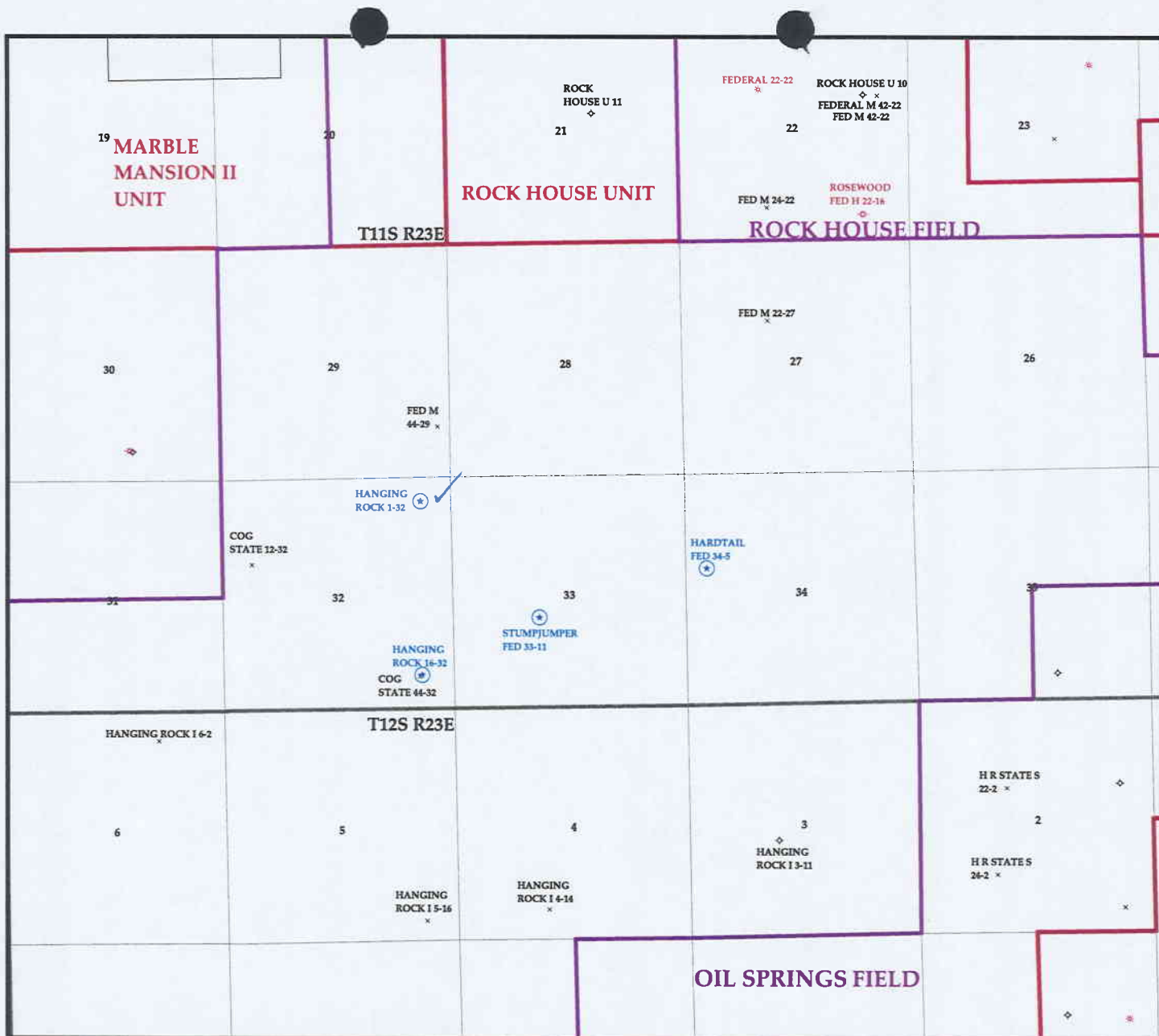
___ R649-2-3.
Unit _____
☒ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
___ R649-3-3. Exception
___ Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
___ R649-3-11. Directional Drill

COMMENTS:

Needs Presite (03-01-05)

STIPULATIONS:

1- Spacing Strip
2- STATEMENT OF BASIS



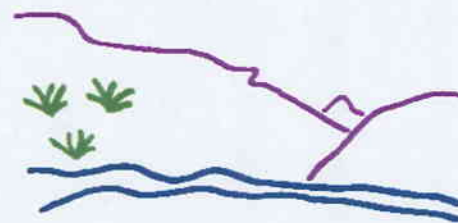
OPERATOR- THE HOUSTON EXPL CO (N2525)

SEC. 32 T.11S R.23E

FIELD: UNDESIGNATED (002)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING



Utah Oil Gas and Mining

Wells

- ✱ GAS INJECTION
- GAS STORAGE
- × LOCATION ABANDONED
- ⊙ NEW LOCATION
- ◇ PLUGGED & ABANDONED
- ✱ PRODUCING GAS
- PRODUCING OIL
- ⊖ SHUT-IN GAS
- ⊖ SHUT-IN OIL
- × TEMP. ABANDONED
- TEST WELL
- △ WATER INJECTION
- ⬆ WATER SUPPLY
- ⬆ WATER DISPOSAL

Units.shp

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Fields.shp

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED



PREPARED BY: DIANA WHITNEY
DATE: 17-FEBRUARY-2005

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: THE HOUSTON EXPLORATION COMPANY
WELL NAME & NUMBER: HANGING ROCK 1-32
API NUMBER: 43-047-36309
LEASE: ML-47079 FIELD/UNIT: UNDESIGNATED
LOCATION: 1/4, 1/4 NE/NE sec: 32 TWP: 11S RNG: 23E 690' FEL 542' FNL
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4, 1/4 LINE; 920 F ANOTHER WELL.
GPS COORD (UTM): 640422E 4409173N SURFACE OWNER: STATE OF UTAH

PARTICIPANTS

DAVID W. HACKFORD (DOGM), GINGER STRINGHAM (HOUSTON), ONE DIRT CONTRACTOR, FLOYD BARTLETT (DWR), ED BONNER (SITLA).

REGIONAL/LOCAL SETTING & TOPOGRAPHY

SITE IS ON THE VERY SOUTH END OF ARCHEE BENCH, IN AN AREA OF ROLLING HILLS AND SHALLOW DRAWS DRAINING TO THE NORTH TOWARD THE WHITE RIVER 7.5 MILES AWAY. THE RIM OF BITTER CREEK IS 300' TO THE SOUTHWEST, AND BITTER CREEK IS 2.5 MILES TO THE SOUTHWEST. THIS RIM FALLS OFF SHARPLY FOR 400'. VERNAL, UTAH IS 70.85 MILES TO THE NORTH.

SURFACE USE PLAN

CURRENT SURFACE USE: WILDLIFE AND LIVESTOCK GRAZING, HUNTING.

PROPOSED SURFACE DISTURBANCE: LOCATION WILL BE 345' BY 260'. ACCESS ROAD WILL BE 1.0 MILES.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: SEE ATTACHED MAP FROM GIS DATABASE.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: ALL PRODUCTION FACILITIES WILL BE ON LOCATION AND ADDED AFTER DRILLING WELL. PIPELINE WILL FOLLOW ACCESS ROAD.

SOURCE OF CONSTRUCTION MATERIAL: ALL CONSTRUCTION MATERIAL WILL BE BORROWED FROM SITE DURING CONSTRUCTION OF LOCATION.

ANCILLARY FACILITIES: NONE WILL BE REQUIRED.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS?
EXPLAIN: UNLIKELY.

WASTE MANAGEMENT PLAN:

DRILLED CUTTINGS WILL BE SETTLED INTO RESERVE PIT. LIQUIDS FROM PIT WILL BE ALLOWED TO EVAPORATE. FORMATION WATER WILL BE CONFINED TO STORAGE TANKS. SEWAGE FACILITIES, STORAGE AND DISPOSAL WILL BE HANDLED BY

COMMERCIAL CONTRACTOR. TRASH WILL BE CONTAINED IN TRASH BASKETS AND HAULED TO AN APPROVED LAND FILL.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: NONE

FLORA/FAUNA: SAGE, RABBITBRUSH, GREASEWOOD, PRICKLY PEAR, PINION PINE, JUNIPER, SERVICEBERRY: PRONGHORN, RODENTS, SONGBIRDS, RAPTORS, COYOTE, RABBITS, DEER, ELK.

SOIL TYPE AND CHARACTERISTICS: LIGHT BROWN SANDY CLAY.

EROSION/SEDIMENTATION/STABILITY: VERY LITTLE NATURAL EROSION. SEDIMENTATION AND STABILITY ARE NOT A PROBLEM AND LOCATION CONSTRUCTION SHOULDN'T CAUSE AN INCREASE IN STABILITY OR EROSION PROBLEMS.

PALEONTOLOGICAL POTENTIAL: NONE OBSERVED

RESERVE PIT

CHARACTERISTICS: 175' BY 60' AND 12' DEEP.

LINER REQUIREMENTS (Site Ranking Form attached): A 12 MIL LINER WILL BE REQUIRED FOR RESERVE PIT.

SURFACE RESTORATION/RECLAMATION PLAN

AS PER SITLA.

SURFACE AGREEMENT: AS PER SITLA.

CULTURAL RESOURCES/ARCHAEOLOGY: SITE WILL BE INSPECTED BY SAGEBRUSH ARCHEOLOGICAL CONSULTANTS. A REPORT OF THIS INVESTIGATION WILL BE PLACED ON FILE.

OTHER OBSERVATIONS/COMMENTS

THIS PREDRILL INVESTIGATION WAS CONDUCTED ON A COOL, SUNNY DAY WITH PARTIAL SNOW COVER.

ATTACHMENTS

PHOTOS OF SITE WILL BE TAKEN AND PLACED ON FILE.

DAVID W. HACKFORD
DOGM REPRESENTATIVE

3/01/2005 1:15 PM
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>5</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

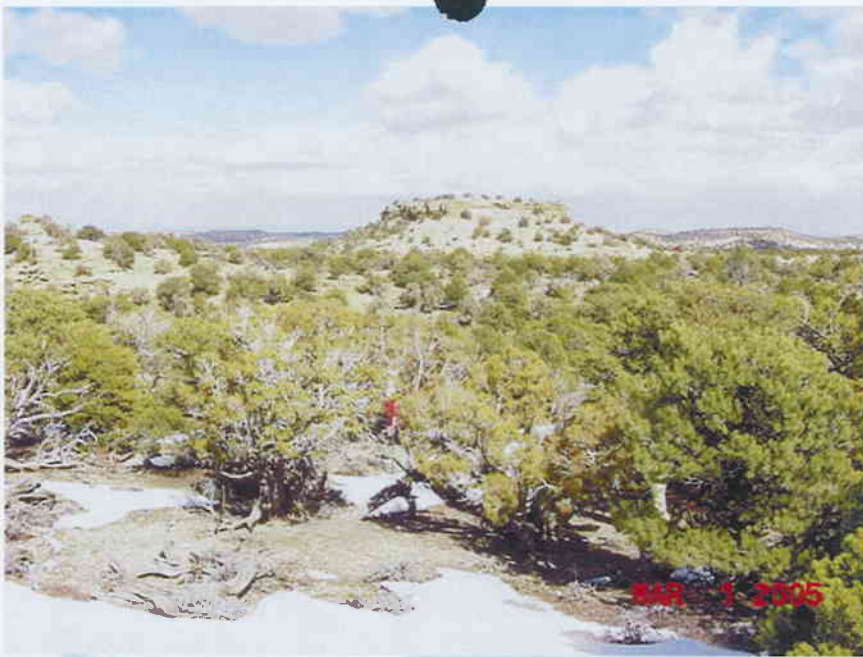
Final Score 20 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.





**DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS**

OPERATOR: THE HOUSTON EXPLORATION COMPANY
WELL NAME & NUMBER: HANGING ROCK 1-32
API NUMBER: 43-047-36309
LOCATION: 1/4,1/4 NE/NE Sec: 32 TWP: 11S RNG: 23E 690' FEL 542' FNL

Geology/Ground Water:

The Houston Ex. Co. proposes to set 2,000 feet of surface casing cemented to the surface. The base of the moderately saline water is estimated at 3,300 feet. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the proposed location. The surface formation at this location is the Green River Formation. The Green River Formation is made up of sands interbedded with shales and limestones. This can be considered a recharge area for the Green River Formation and should be protected. The proposed surface casing should adequately protect the recharge area and potentially useable aquifers.

Reviewer: Brad Hill **Date:** 03-09-05

Surface:

The predrill investigation of the surface was performed on 03/01/05. Floyd Bartlett with DWR and Ed Bonner with SITLA were invited to this investigation on 02/18/05. Both were present. Neither had concerns regarding the construction of this location or the drilling of this well, except Mr. Bartlett recommended drilling not take place during winter months because of this area's high value as winter range. This site is on State surface, with State minerals, and appears to be the best site for a location in the immediate area. Mr. Bartlett presented Ms. Stringham a DWR prescribed seed mix to be used when reserve pit is reclaimed, and for the shoulders of access road. Existing shallow drainages crossing site will be re-routed around the east end of the location where a diversion ditch will be constructed.

Reviewer: David W. Hackford **Date:** 03/04/2005

Conditions of Approval/Application for Permit to Drill:

1. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.

Well name:

03-05 Houston Hanging Rock 1-32Operator: **The Houston Exploration Company**String type: **Surface**

Project ID:

43-047-36309

Location: **Uintah County****Design parameters:****Collapse**Mud weight: 8.400 ppg
Design is based on evacuated pipe.**Minimum design factors:****Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 93 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Cement top: Surface

BurstMax anticipated surface pressure: 1,760 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 2,000 psi

No backup mud specified.

Tension:8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)Tension is based on buoyed weight.
Neutral point: 1,749 ft

Non-directional string.

Re subsequent strings:Next setting depth: 8,000 ft
Next mud weight: 9.000 ppg
Next setting BHP: 3,740 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,000 ft
Injection pressure 2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2000	8.625	36.00	J-55	ST&C	2000	2000	7.7	143.5
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	3450	3.953	2000	4460	2.23	63	434	6.89 J

Prepared by: Clinton Dworshak
Utah Div. of Oil & MiningPhone: 801-538-5280
FAX: 810-359-3940Date: March 10, 2005
Salt Lake City, Utah**Remarks:**

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:

03-05 Houston Hanging Rock 1-32Operator: **The Houston Exploration Company**

String type: Production

Project ID:

43-047-36309

Location: Uintah County

Design parameters:**Collapse**Mud weight: 9.000 ppg
Design is based on evacuated pipe.**Minimum design factors:****Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 177 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 4,189 ft

BurstMax anticipated surface
pressure: 2,780 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 3,740 psi

No backup mud specified.

Tension:8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.
Neutral point: 6,924 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	8000	4.5	11.60	N-80	LT&C	8000	8000	3.875	185.4
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	3740	6350	1.698	3740	7780	2.08	80	223	2.78 J

Prepared Clinton Dworshak
by: Utah Div. of Oil & MiningPhone: 801-538-5280
FAX: 810-359-3940Date: March 10, 2005
Salt Lake City, Utah**Remarks:**Collapse is based on a vertical depth of 8000 ft, a mud weight of 9 ppg. The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

03-05 Houston Hanging Rock-32

Casing Schematic

Green River

Surface

8-5/8"
MW 8.4
Frac 19.3

TOC @
0.

1230
TOC Tail

w/15% Washcoat

Surface
2000. MD

BHP

$$(0.52)(9)(8,000) = 3744$$

Anticipate 3,000

Gas

$$(8000)(.12) = 960$$

$$MAASP = 2784$$

BOP - 3,000 ✓

Surf csg - 4460

$$70\% = 3122$$

Surf shoe mat pressure = 2400

Test to 2400# ✓

✓ Adequate DUC 3/15/05

3300 Bmsw

Stip

TOC ± 3,300
Protect Bmsw

4080 Wasatch

TOC @
4189.

4188 TOC Tail

w/18% Washcoat

TOC 3237' w/ 6% W.O.

5747 Mesaverde

4-1/2"
MW 9.

Production
8000. MD

From: Ed Bonner
To: Whitney, Diana
Date: 4/21/2005 2:34:20 PM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

The Houston Exploration Company

- Buck Camp 2-2
- Buck Camp 4-36
- Hanging Rock 1-32 ✓
- Hanging Rock 16-32
- Rockhouse 3-32-10-23
- Rockhouse 7-32-10-23
- Rockhouse 9-32-10-23
- Rock House 4-32
- Rock House 5-32
- Rock House 13-32
- Rock House 1-36-10-22
- Rock House 3-36-10-22
- Rock House 7-36-10-22
- Rock House 12-36-10-22

If you have any questions regarding this matter please give me a call.

CC: Garrison, LaVonne; ginger_stringham@yahoo.com; Hill, Brad; Hunt, Gil

**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

MARY ANN WRIGHT
Acting Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

April 21, 2005

The Houston Exploration Company
1100 Louisiana, Suite 2000
Houston, Texas 77002

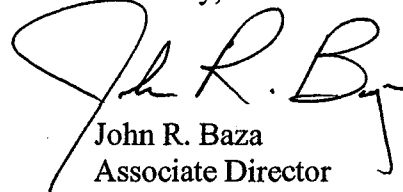
Re: Hanging Rock 1-32 Well, 542' FNL, 690' FEL, NE NE, Sec. 32, T. 11 South,
R. 23 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-36309.

Sincerely,



John R. Baza
Associate Director

jc
Enclosures

cc: Uintah County Assessor
SITLA

Operator: The Houston Exploration Company
Well Name & Number Hanging Rock 1-32
API Number: 43-047-36309
Lease: ML-47079

Location: NE NE **Sec.** 32 **T.** 11 South **R.** 23 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

6. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Request to Transfer Application or Permit to Drill

(This form should accompany a Sundry Notice, Form 9, requesting APD transfer)

Well name:	Hanging Rock 1-32
API number:	4304736309
Location:	Qtr-Qtr: NENE Section: 32 Township: 11S Range: 23E
Company that filed original application:	Houston Exploration Company
Date original permit was issued:	04/21/2005
Company that permit was issued to:	Houston Exploration Company

Check one	Desired Action:
<input type="checkbox"/>	Transfer pending (unapproved) Application for Permit to Drill to new operator
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property, hereby verifies that the information as submitted in the pending Application for Permit to Drill, remains valid and does not require revision. The new owner of the application accepts and agrees to the information and procedures as stated in the application.
<input checked="" type="checkbox"/>	Transfer approved Application for Permit to Drill to new operator
<input type="checkbox"/>	The undersigned as owner with legal rights to drill on the property as permitted, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.	Yes	No
If located on private land, has the ownership changed?		✓
<input type="checkbox"/> If so, has the surface agreement been updated?		✓
Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?		✓
Have there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?		✓
Have there been any changes to the access route including ownership or right-of-way, which could affect the proposed location?		✓
Has the approved source of water for drilling changed?		✓
Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?		✓
Is bonding still in place, which covers this proposed well? Bond No. <u>RLB0008031</u>	✓	

Any desired or necessary changes to either a pending or approved Application for Permit to Drill that is being transferred, should be filed on a Sundry Notice, Form 9, or amended Application for Permit to Drill, Form 3, as appropriate, with necessary supporting information as required.

Name (please print) ALEX CAMPBELL Title VICE PRESIDENT OF LAND
Signature [Signature] Date 09/19/2005
Representing (company name) ENDURING RESOURCES, LLC

The person signing this form must have legal authority to represent the company or individual(s) to be listed as the new operator on the Application for Permit to Drill.

(3/2004)

RECEIVED

SEP 26 2005

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: The Houston Exploration Company <i>N2525</i>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 1100 Louisiana, Ste 2000 CITY Houston STATE TX ZIP 77002		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: See Attached List		8. WELL NAME and NUMBER: See Attached List
PHONE NUMBER: (713) 830-6938		9. API NUMBER:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:		10. FIELD AND POOL, OR WILDCAT:
COUNTY: Uintah		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: <i>Effective 9/1/05</i>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE <i>9/1/05</i>	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Enduring Resources, LLC Operator #N 2750 Utah State Bond #RLB0008031
475 17th Street, Ste 1500
Denver, CO 80202

Contact : Frank Hutto 303-350-5102

Frank Hutto VP. OPS
Signature & Title
Date *9/19/05*

NAME (PLEASE PRINT) Joanne Hresko TITLE Vice President/General Manager Onshore
SIGNATURE *Joanne Hresko* DATE 9/2/2005

(This space for State use only) **APPROVED** *9/29/2005*
Earlene Russell
Division of Oil, Gas and Mining
Earlene Russell, Engineering Technician

RECEIVED
SEP 26 2005
DIV. OF OIL, GAS & MINING

TRANSFER OF OPERATOR

NATURAL BUTTES FIELD, UINTAH COUNTY, UTAH DRILLED WELLS, TO BE OPERATED BY ENDURING RESOURCES, LLC

API Well Number	Well Name	Well Status	Qtr/Qtr	Section	Township-Range	FNL/FSL	FEL/FWL	Latitude	Longitude
43047355550000	Bonanza #10D-18	SI	NWSE	18	9S-24E	1437 S	1800 E	40.03340	-109.25282
43047355510000	Bonanza #12D-12	Producing	NWSW	12	9S-23E	1556 S	867 W	40.04788	-109.28055
43047356930000	Bonanza #2D-27	Producing	NWNE	27	9S-24E	1064 N	1824 E	40.01123	-109.19600
43047359080000	Bonanza 10-11	Producing	NWSE	11	9S-23E	1991 S	1755 E	40.04866	-109.29035
43047356920000	Bonanza 10D-8	SI	NWSE	8	9S-24E	1510 S	1768 E	40.04789	-109.23383
43047355520000	Bonanza 1-11	Producing	NWNW	11	9S-23E	990 N	990 E	40.05431	-109.29891
43047359290000	Bonanza 12-20	Drlg	NWSW	20	9S-25E	1998 S	825 W	40.01947	-109.13150
43047-359210000	Bonanza 12A-18	Producing	NWSW	18	9S-24E	2067 S	813 W	40.03430	-109.26242
43047359090000	Bonanza 14-12	Evaluating	SESW	12	9S-23E	505 S	2001 W	40.04455	-109.27693
43047359940000	Bonanza 4-18	WOPL	NWNW	18	9S-24E	706 N	682 W	40.04119	-109.26288
43047-356220000	Bonanza 4D-16	Producing	NWNW	16	9S-24E	1152 N	1209 W	40.04000	-109.22349
43047358600000	Bonanza 6-36	Producing	SENW	36	9S-24E	2217 N	2009 W	39.99336	-109.16393
43047359120000	Bonanza 6B-8	Producing	SENW	8	9S-24E	2017 N	1878 W	40.05213	-109.24004
43047359200000	Bonanza 8D-7	Producing	SENE	7	9S-24E	1992 N	477 E	40.05220	-109.24845
43047359050000	Buck Canyon 15-24	P&A	SW/SE	24	12S-21E	700 S	2139 E	39.75386	-109.5134
43047348150000	Cartwright 2-35	TA	NWNE	35	9S-24E	858 N	2104 E	39.99733	-109.17882
43047332510000	East Bench 11-16	WOC	NESW	16	11S-22E	S S	1980 W	39.85889	-109.46172
43047347560000	Hoss 15	Producing	SWSE	20	9S-25E	1291 S	2088 E	40.01767	-109.12236
43047348140000	Little Joe 11-7	TA	NENE	7	9S-25E	710 N	644 E	40.05562	-109.13601
43047361500000	Rainbow 14-17	WOC	SESW	17	11S-24E	780 S	1726 W	39.85689	-109.25731
43047361840000	Rainbow 2-16	WOC	NWNE	16	11S-24E	837 N	2136 E	39.86708	-109.23348
43047353630000	Southman Canyon 10D-36	Producing	NWSE	36	9S-23E	1757 S	1650 E	39.98991	-109.27148
43047353640000	Southman Canyon 12D-36	Producing	NWSW	36	9S-23E	1518 S	1069 W	39.98977	-109.28040
43047357700000	Southman Canyon 14C-36	Producing	SESW	36	9S-23E	648 S	1717 W	39.98689	-109.27716
43047357720000	Southman Canyon 16C-36	Producing	SESE	36	9S-23E	542 S	736 E	39.98607	-109.26912
43047356910000	Southman Canyon 2D-30	Producing	NWNE	30	9S-24E	1171 N	1502 E	40.01111	-109.25269
43047353650000	Southman Canyon 2D-36	Producing	NWNE	36	9S-23E	960 N	1751 E	39.99711	-109.27228
43047353610000	Southman Canyon 4D-36	Producing	NWNW	36	9S-23E	1163 N	1137 W	39.99623	-109.28012
43047353620000	Southman Canyon 6D-36	Producing	SENW	36	9S-23E	2466 N	2271 W	39.99336	-109.27635
43047357710000	Southman Canyon 8C-36	Producing	SENE	36	9S-23E	2185 N	694 E	39.99358	-109.26783
43047355590000	Thurston Federal #12-1	Producing	SESW	12	12S-21E	692 S	1959 W	39.78280	-109.51768

TRANSFER OF OPERATOR BLM APPROVED WELLS #2

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number
Asphalt Wash 19-7	SW/SW	7	11S	24E	UTU-73910	739' FSL & 629' FWL	43-047-36234
Bonanza 16-18	SE/SE	18	9S	24E	UTU-73457	861' FSL & 715' FEL	43-047-35992
Bonanza 4-11	NW/NW	11	9S	23E	UTU-74426	671' FNL & 729' FWL	43-047-35968
Bonanza 10D-12	NW/SE	12	9S	23E	UTU-74426	1,785' FSL & 1,855' FEL	43-047-35919
Bonanza 12-11	NW/SW	11	9S	23E	UTU-74426	1748' FSL & 420' FWL	43-047-35916
Bonanza 14-18	SE/SW	18	9S	24E	UTU-73457	472' FSL & 2,010' FWL	43-047-35993
Bonanza 14A-8	SE/SW	8	9S	24E	UTU-73457	907' FSL & 2,298' FWL	43-047-35952
Bonanza 16A-27	SE/SE	27	9S	24E	UTU-80571	862' FSL & 581' FEL	43-047-35923
Bonanza 2-21	NW/NE	21	8S	25E	UTU-73470	1,207' FNL & 1,541' FEL	43-047-35926
Bonanza 3-8	NW/NW	8	9S	24E	UTU-73457	573' FNL & 1,518' FWL	43-047-35966
Bonanza 6D-7	SE NW	7	9S	24E	UTU-73457	2,310' FNL & 2,310' FWL	43-047-35690
Bonanza 8-11	SE/NE	11	9S	23E	UTU-74426	2,163 FNL & 615' FEL	43-047-35907
Bonanza 8B-27	SE/NE	27	9S	24E	UTU-80571	1,830' FNL & 735' FEL	43-047-35923
Buck Camp 4-25	NW/NW	25	11S	22E	UTU-74424	804 FNL & 695 FWL	43-047-36276
Buck Camp 4-26	NW/NW	26	11S	22E	UTU-74974	660' FNL & 660' FWL	43-047-36274
Buck Canyon 1-24	NE/NE	24	12S	21E	UTU-73440	488' FNL & 833' FEL	43-047-35606
Buck Canyon 15-24	SW/SE	24	12S	21E	UTU-73440	700' FSL & 2,139' FEL	43-047-35905
Buck Canyon 7-24	SW/NE	24	12S	21E	UTU-73440	2,041' FNL & 2,171' FEL	43-047-35904
Buck Canyon 9-24	NE/SE	24	12S	21E	UTU-73440	1784' FSL & 855' FEL	43-047-35903
Rainbow 1-17	NE/NE	17	11S	24E	UTU-73920	795' FNL & 586' FEL	43-047-36151
Southman Canyon #14-30	SE/SW	30	9S	24E	UTU-80571	740' FSL & 1,737' FWL	43-047-35914
Southman Canyon #4C-30	NW/NW	30	9S	24E	UTU-80571	676' FNL & 568' FWL	43-047-35913
Southman Canyon 12-30	NW/SW	30	9S	24E	UTU-80571	1,912' FSL & 513' FWL	43-047-36104
Southman Canyon 8-30	SE/NE	30	9S	24E	UTU-80571	1,875' FNL & 818' FEL	43-047-35994
Southman Canyon 9-30	NE/SE	30	9S	24E	UTU-80571	2,089' FSL & 831' FEL	43-047-36019

*43047-35906

• 43047-35953

TRANSFER OF OPERATOR STATE OF UTAH APPROVED AND PENDING

43

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number	FIELD	Well Type
Asphalt Wash 11-16-11-24	NESW	16	11S	24E	ML-73921	2000 FSL & 1900 FWL	43-047-37088	Undesignated	Gas
Asphalt Wash 12-16-11-24	NWSW	16	11S	24E	ML-47080	2060 FSL & 839 FWL	43-047-36873	Undesignated	Gas
Asphalt Wash 14-16-11-24	SESW	16	11S	24E	ML-47080	537 FSL & 2140 FWL	43-047-36876	Undesignated	Gas
Asphalt Wash 3-16-11-24	NENW	16	11S	24E	ML-47080	825 FNL & 2116 FWL	43-047-36886	Undesignated	Gas
Asphalt Wash 4-16-11-24	NWNW	16	11S	24E	ML-47080	521 FNL & 766 FWL	43-047-36885	Undesignated	Gas
Asphalt Wash 5-16-11-24	SWNW	16	11S	24E	ML-47080	1880 FNL & 630 FWL	43-047-37089	Undesignated	Gas
Asphalt Wash 7-16-11-24	SWNE	16	11S	24E	ML-47080	1781 FNL & 1676 FEL	43-047-36874	Undesignated	Gas
Asphalt Wash 8-16-11-24	SENE	16	11S	24E	ML-47080	1905 FNL & 642 FEL	43-047-36875	Undesignated	Gas
Bonanza 14-20	SESW	20	9S	25E	ML-45558	838' FSL & 1,922' FWL	43-047-35930	Chapita Wells	Gas
Bonanza 4-20	NWNW	20	9S	25E	ML-45558	933' FNL & 583 FWL	43-047-35924	Chapita Wells	Gas
Bonanza 4-29	NWNW	29	9S	25E	ML-45559	600' FNL & 596' FWL	43-047-36010	Chapita Wells	Gas
Bonanza 4-36	NWNW	36	9S	24E	ML-46527	258' FNL & 862' FWL	43-047-35861	Natural Buttes	Gas
Bonanza 6-20	SENW	20	9S	25E	ML-45558	2,178' FNL & 1,839' FWL	43-047-35928	Chapita Wells	Gas
Buck Canyon 9-16-12-21	NESE	16	12S	21E	ML-47085	1980' FSL & 660' FEL	43-047-37091	Buck Canyon	Gas
Buck Canyon 11-16-12-21	NESW	16	12S	21W	ML-47085	NA	43-047-37119	Undesignated	Gas
Buck Canyon 13-16-21-21	SWSW	16	21S	21W	ML-47085	NA	43-047-37118	Undesignated	Gas
Buck Canyon 15-16-12-21	SWSE	16	12S	21W	ML-47085	NA	43-047-37120	Buck Canyon	Gas
East Bench 1-16	NENE	16	11S	22E	ML-46911	660' FNL & 660' FEL	43-047-36126	Undesignated	Gas
East Bench 15-16	SWSE	16	11S	22E	ML-46911	545' FSL & 1,848' FEL	43-047-36128	Undesignated	Gas
East Bench 3-16	NENW	16	11S	22E	ML-46911	832' FNL & 1,978' FWL	43-047-36125	Undesignated	Gas
East Bench 7-16	SWNE	16	11S	22E	ML-46911	1,909' FNL & 1,643' FEL	43-047-36127	Undesignated	Gas
East Bench 12-16-11-22	NWSW	16	11S	22E	ML-46911	1862 FSL & 838 FEL	43-047-37128	Undesignated	Gas
East Bench 13-16-11-22	SWSW	16	11S	22E	ML-46911	880 FSL & 750 FWL	43-047-37130	Undesignated	Gas
East Bench 14-16-11-22	SESW	16	11S	22E	ML-46911	848 FSL & 1930 FWL	43-047-37122	Undesignated	Gas
East Bench 16-16-11-22	SESE	16	11S	22E	ML-46911	663 FSL & 1055 FEL	43-047-37121	Undesignated	Gas
East Bench 2-16-11-22	NWNE	16	11S	22E	ML-46911	705 FNL & 2077 FEL	43-047-37125	Undesignated	Gas
East Bench 4-16-11-22	NWNW	16	11S	22E	ML-46911	760 FNL & 860 FWL	43-047-37126	Undesignated	Gas
East Bench 5-16-11-22	SWNW	16	11S	22E	ML-46911	1980 FNL & 758 FWL	43-047-37129	Undesignated	Gas
East Bench 6-16-11-22	SENW	16	11S	22E	ML-46911	1887 FNL & 2138 FWL	43-047-37124	Undesignated	Gas
East Bench 8-16-11-22	SENE	16	11S	22E	ML-46911	1880 FNL & 780 FEL	43-047-37127	Undesignated	Gas
East Bench 9-16-11-22	NESE	16	11S	22E	ML-46911	2035 FSL & 1422 FEL	43-047-37123	Undesignated	Gas
Gusher 6-2	SENW	2	6S	19E	ML-49144	1556 FNL & 1025 FWL	43-047-36963	Moffit Canal	Oil
Hanging Rock 1-32	NENE	32	11S	23E	ML-47079	542' FNL & 690' FEL	43-047-36309	Undesignated	Gas
Little Pack Mountain 1-16	NWNW	16	12S	20E	ML-47082	609 FNL & 688 FEL	43-047-36981	Wildcat	Gas
Little Pack Mountain 7-32	SWNE	32	12S	20E	ML-47083	1792 FNL & 1797 FEL	43-047-36980	Wildcat	Gas
Rock House 12-36-10-23	NWSW	36	10S	23E	ML-47907	1844 FSL & 755 FWL	43-047-36534	Natural Buttes	Gas
Rock House 13-32-10-23	SWSW	32	10S	23E	ML-47063	564 FSL & 471 FWL	43-047-36411	Natural Buttes	Gas
Rock House 1-36-10-22	NENE	36	10S	22E	ML-47061	620 FNL & 850 FEL	43-047-36408	Natural Buttes	Gas
Rock House 3-36-10-22	NENW	36	10S	22E	ML-47061	934 FNL & 1783 FWL	43-047-36407	Natural Buttes	Gas
Rock House 4-32-10-23	SWNW	32	10S	23E	ML-47063	1406 FNL & 562 FWL	43-047-36412	Natural Buttes	Gas
Rock House 7-36-10-22	SWNE	36	10S	22E	ML-47061	2209 FNL & 2445 FEL	43-047-36409	Natural Buttes	Gas
Rock House 9-32-10-23	NESE	32	10S	23E	ML-47063	2008 FSL & 1042 FEL	43-047-36337	Natural Buttes	Gas
Rockhouse #13-36	SWSW	36	10S	22E	ML-46907	486 FSL & 844' FWL	43-047-35902	Natural Buttes	Gas
Rockhouse 16-2	SESE	2	11S	23E	ML-47078	909' FSL & 748' FEL	43-047-36152	Rockhouse	Gas
Seep Springs 10-13-12-24	NWSE	13	12S	24E	ML-49275	1950 FSL & 1802 FEL	43-047-36634	Undesignated	Gas
Seep Springs 1-13-12-24	NENE	13	12S	24E	ML-49275	753 FNL & 487 FEL	43-047-36628	Undesignated	Gas
Seep Springs 15-11-12-24	SWSE	11	12S	24E	ML-49274	829 FSL & 2178 FEL	43-047-36626	Undesignated	Gas
Seep Springs 15-13-12-24	SWSE	13	12S	24E	ML-49275	622 FSL & 1806 FEL	43-047-36630	Undesignated	Gas
Seep Springs 16-11-12-24	SESE	11	12S	24E	ML-49274	659 FSL & 466 FEL	43-047-36625	Undesignated	Gas
Seep Springs 16-13-12-24	SESE	13	12S	24E	ML-49275	686 FSL & 640 FEL	43-047-36629	Undesignated	Gas
Seep Springs 2-13-12-24	NWNE	13	12S	24E	ML-49275	465 FNL & 1807 FEL	43-047-36627	Undesignated	Gas
Seep Springs 7-13-12-24	SWNE	13	12S	24E	ML-49275	FNL & FEL	43-047-36631	Undesignated	Gas
Seep Springs 8-13-12-24	SENE	13	12S	24E	ML-49275	1969 FNL & 642 FEL	43-047-36632	Undesignated	Gas
Seep Springs 9-13-12-24	NESE	13	12S	24E	ML-49275	663 FSL & 1960 FEL	43-047-36633	Undesignated	Gas
Southman Canyon 11-36-9-23	NESW	36	9S	23E	ML-47782	1965 FSL & 1953 FWL	43-047-36535	Natural Buttes	Gas
Southman Canyon 13-36-9-23	SWSW	36	9S	23E	ML-47782	467 FSL & 825 FWL	43-047-36532	Natural Buttes	Gas

TRANSFER OF OPERATOR STATE OF UTAH APPROVED AND PENDING

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number	FIELD	Well Type
Southman Canyon 1-36-9-23	NENE	36	9S	23E	ML-47782	681 FNL & 496 FEL	43-047-36537	Natural Buttes	Gas
Southman Canyon 15-36-9-23	SWSE	36	9S	23E	ML-47782	529 FSL & 1784 FEL	43-047-36529	Natural Buttes	Gas
Southman Canyon 3-36-9-23	NENW	36	9S	23E	ML-47782	464 FNL & 1815 FWL	43-047-36530	Natural Buttes	Gas
Southman Canyon 5-36-9-23	SWNW	36	9S	23E	ML-47782	2028 FNL & 499 FWL	43-047-36531	Natural Buttes	Gas
Southman Canyon 7-36-9-23	SENE	36	9S	23E	ML-47782	2184 FNL & 1994 FEL	43-047-36536	Natural Buttes	Gas
Southman Canyon 9-36-9-23	NESE	36	9S	23E	ML-47782	1978 FNL & 657 FEL	43-047-36533	Natural Buttes	Gas

TRANSFER OF OPERATOR BLM PENDING WELLS

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number
Asphalt Wash 13-6	SW/SW	6	11S	24E	UTU-73919	400' FSL & 550' FWL	
Asphalt Wash 10-9-11-24	NW SE	9	11S	24E	UTU-73920	1846 FSL & 1942 FEL	43-047-37071
Asphalt Wash 11-9-11-24	NE SW	9	11S	24E	UTU-73920	1799 FSL & 1782 FWL	43-047-37073
Asphalt Wash 12-6-11-24	NW SW	6	11S	24E	UTU-73919	1844 FSL & 683 FWL	43-047-37066
Asphalt Wash 14-6-11-24	SE SW	6	11S	24E	UTU-73919	704 FSL & 2123 FWL	43-047-37067
Asphalt Wash 14-9-11-24	SE SW	9	11S	24E	UTU-73920	460 FSL & 2115 FWL	43-047-37076
Asphalt Wash 15-9-11-24	SW SE	9	11S	24E	UTU-73920	804 FSL & 1990 FEL	43-047-37074
Asphalt Wash 16-9-11-24	SE SE	9	11S	24E	UTU-73920	826 FSL & 472 FEL	43-047-37075
Asphalt Wash 2-6-11-24	NW NE	6	11S	24E	UTU-73919	735 FNL & 1590 FEL	43-047-37061
Asphalt Wash 2-7-11-24	NW NE	7	11S	24E	UTU-73919	621 FNL & 2462 FEL	43-047-37068
Asphalt Wash 2-9-11-24	NW NE	9	11S	24E	UTU-73920	829 FNL & 1774 FEL	43-047-37070
Asphalt Wash 3-6-11-24	NE NW	6	11S	24E	UTU-73919	792 FNL & 1925 FWL	43-047-37062
Asphalt Wash 4-6-11-24	NW NW	6	11S	24E	UTU-73919	820 FNL & 1007 FWL	43-047-37063
Asphalt Wash 5-6-11-24	SW NW	6	11S	24E	UTU-73919	1738 FNL & 716 FWL	43-047-37064
Asphalt Wash 6-7-11-24	SE NW	7	11S	24E	UTU-73919	2013 FNL & 2241 FWL	43-047-37069
Asphalt Wash 7-6-11-24	SW NE	6	11S	24E	UTU-73919	1616 FNL & 1615 FEL	43-047-37065
Asphalt Wash 7-9-11-24	SE NE	9	11S	24E	UTU-73920	1883 FNL & 1854 FEL	43-047-37072
Asphalt Wash 1-7-11-24	NE NE	7	11S	24E	UTU-73919	426 FNL & 270 FEL	43-047-37084
Asphalt Wash 4-7-11-24	NW NW	7	11S	24E	UTU-73919	856 FNL & 860 FWL	43-047-37085
Asphalt Wash 7-7-11-24	SW NE	7	11S	24E	UTU-73919	1909 FNL & 1893 FEL	43-047-37087
Asphalt Wash 8-7-11-24	SE NE	7	11S	24E	UTU-73919	1998 FNL & 683 FEL	43-047-37086
Bonanza 4-7	NW/NW	7	9S	24E	UTU-73457	809' FNL & 670' FWL	43-047-36017
Bonanza 8-17	SW/NE	17	9S	24E	UTU-73457	1865' FNL & 584' FEL	43-047-36041
Bonanza 11-11-9-23	NE SW	11	9S	23E	UTU-74426	2036 FSL & 2043 FWL	43-047-36649
Bonanza 11-12-9-23	NE SW	12	9S	23E	UTU-74426	1799 FSL & 1948 FWL	43-047-36655
Bonanza 11-18-9-24	NE SW	18	9S	24E	UTU-73457	1785 FSL & 2133 FWL	43-047-36637
Bonanza 12-23-9-24	NW/SW	23	9S	24E	UTU-81311	1882 FSL & 699 FWL	43-047-36640
Bonanza 12-35	NW/SW	35	9S	24E	UTU 73459	1374' FSL & 858' FWL	43-047-36020
Bonanza 13-11-9-23	SW SW	11	9S	23E	UTU-74426	463 FSL & 773 FWL	43-047-36650
Bonanza 13-12-9-23	SW SW	12	9S	23E	UTU-74426	661 FSL & 656 FWL	43-047-36528
Bonanza 13-18-9-24	SW SW	18	9S	24E	UTU-73457	767 FSL & 583 FWL	43-047-36638
Bonanza 14-11-9-23	SE SW	11	9S	23E	UTU-74426	756 FSL & 1859 FWL	43-047-36651
Bonanza 14-23-9-24	SE/SW	23	9S	24E	UTU-81311	560 FSL & 1878 FWL	43-047-36641
Bonanza 15-11-9-23	SW SE	11	9S	23E	UTU-74426	660 FSL & 1980 FEL	43-047-36652
Bonanza 15-12-9-23	SW SE	12	9S	23E	UTU-74426	607 FSL & 1920 FEL	43-047-36656
Bonanza 15-18-9-24	SW SE	18	9S	24E	UTU-73457	463 FSL & 2162 FEL	43-047-36639
Bonanza 16-12-9-23	SE SE	12	9S	23E	UTU-74426	855 FSL & 536 FEL	43-047-36657
Bonanza 16-8	SE/SE	8	9S	24E	UTU-73457	588' FSL & 524' FEL	43-047-36101
Bonanza 2-11-9-23	NW NE	11	9S	23E	UTU 74426	664 FNL & 1925 FEL	43-047-36643
Bonanza 2-12-9-23	NW NE	12	9S	23E	UTU-74426	743 FNL & 1962 FEL	43-047-36527
Bonanza 3-11-9-23	NE NW	11	9S	23E	UTU 74426	499 FNL & 1898 FWL	43-047-36644
Bonanza 3-12-9-23	NE NW	12	9S	23E	UTU-74426	734 FNL & 1866 FWL	43-047-36524
Bonanza 4-35	NW/NW	35	9S	24E	UTU 73459	789' FNL & 807' FWL	43-047-35925
Bonanza 5-11-9-23	SW NW	11	9S	23E	UTU 74426	1794 FNL & 609 FWL	43-047-36645

TRANSFER OF OPERATOR BLM PENDING WELLS

PREVIOUS OPERATOR: Houston Exploration Company

NEW OPERATOR: Enduring Resources, LLC

EFFECTIVE DATE: September 1st, 2005

Well Name	Q/Q	Sec	T	R	Lease Number	Footages f/ Sec Lines - SL	API Number
Bonanza 5-12-9-23	SW NW	12	9S	23E	UTU-74426	1996 FNL & 558 FWL	43-047-36526
Bonanza 5-18-9-24	SW NW	18	9S	24E	UTU-73457	2147 FNL & 662 FWL	43-047-36635
Bonanza 5-22	SW/NW	22	8S	25E	UTU-73470	1,932' FNL & 415' FWL	43-047-35918
Bonanza 5-24-9-24	SW/NW	24	9S	24E	UTU-73458	2167 FNL & 714 FWL	43-047-36642
Bonanza 6-11-9-23	SE NW	11	9S	23E	UTU-74426	2069 FNL & 1801 FWL	43-047-36646
Bonanza 6-12-9-23	SE NW	12	9S	23E	UTU-74426	2114 FNL & 1871 FWL	43-047-36525
Bonanza 7-11-9-23	SW NE	11	9S	23E	UTU-74426	2060 FNL & 2134 FEL	43-047-36647
Bonanza 7-12-9-23	SW NE	12	9S	23E	UTU-74426	2065 FNL & 2159 FEL	43-047-36653
Bonanza 8-35	SENE	35	9S	24E	UTU-73459	1987' FNL & 909' FEL	43-047-36105
Bonanza 9-11-9-23	NE SE	11	9S	23E	UTU-74426	2008 FSL & 553 FEL	43-047-36648
Bonanza 9-12-9-23	NE SE	12	9S	23E	UTU-74426	1980 FSL & 660 FEL	43-047-36654
Bonanza 9-18-9-24	NE SE	18	9S	24E	UTU-73457	2009 FSL & 852 FEL	43-047-36636
Bonanza 9-22	NE/SE	22	9S	24E	UTU-75118	1,969' FSL & 495' FEL	43-047-36102
East Bench 9-20	NE/SE	20	11S	22E	UTU-73905	2,170' FSL & 472' FEL	43-047-36275
Rock House 12-30-10-23	NE SW	30	10S	23E	UTU-76281	2320 FSL & 1980 FWL	43-047-36548
Rock House 12-31-10-23	NW SW	31	10S	23E	UTU-76281	1900 FSL & 460 FWL	43-047-36552
Rock House 13-30-10-23	SW SW	30	10S	23E	UTU-76281	553 FSL & 573 FWL	43-047-36549
Rock House 14-31-10-23	SE SW	31	10S	23E	UTU-76281	860 FSL & 1890 FWL	43-047-36553
Rock House 3-31-10-23	NE NW	31	10S	23E	UTU-76281	854 FNL & 1940 FWL	43-047-36551
Rock House 5-30-10-23	SW NW	30	10S	23E	UTU-76281	1858 FNL & 703 FWL	43-047-36547
Rock House 5-31-10-23	SW NW	31	10S	23E	UTU-76281	2055 FNL & 2097 FWL	43-047-36550
Rock House 6-31-10-23	SE NW	31	10S	23E	UTU-76281	2059 FNL & 2111 FWL	43-047-36554
Rockhouse #12-30	NW/SW	30	10S	23E	UTU-80571	1,980' FSL & 660' FWL	43-047-36018 x
Rockhouse 13C-31	SW/SW	31	10S	23E	UTU-76281	135' FSL & 365' FWL	43-047-35911
Rockhouse 4D-30	NW NW	30	10S	23E	UTU-76281	1,116 FNL & 1,135' FWL	43-047-35882
Rockhouse 4D-31	NW NW	31	10S	23E	UTU-76281	990' FNL & 990' FWL	43-047-35807
Southman Canyon 12-3-11-24	NW/SW	3	11S	24E	UTU-73918	1,950' FSL & 514' FWL	43-047-36272
Southman Canyon 12-30-10-24	NW/SW	30	10S	24E	UTU-65371	2,118' FSL & 502' FWL	43-047-36238
Southman Canyon 13-30	SW/SW	30	9S	24E	UTU-80571	765' FSL & 303' FWL	43-047-36018
Southman Canyon 16-31-10-24	SE/SE	31	10S	24E	UTU-65371	621' FSL & 575' FEL	43-047-36270
Southman Canyon 4-30-10-24	NW/NW	30	10S	24E	UTU 65371	649' FNL & 607' FWL	43-047-36237
Southman Canyon 5-19-10-24	SW/NW	19	10S	24E	UTU-65371	1,978' FNL & 855' FWL	43-047-36236
Southman Canyon 6-30	SE/NW	30	9S	24E	UTU-80571	2,015' FNL & 2,581' FWL	43-047-36103

x Duplicate API -
Different well name

OPERATOR CHANGE WORKSHEET

ROUTING

1. DJJ

2. CDW

X Change of Operator (Well Sold)

Designation of Agent/Operator

Operator Name Change

Merger

The operator of the well(s) listed below has changed, effective:

9/1/2005

FROM: (Old Operator):

N2525-The Houston Exploration Company
1100 Louisiana, Suite 2000
Houston, TX 77002

Phone: 1-(713) 830-6938

TO: (New Operator):

N2750-Enduring Resources, LLC
475 17th Street, Suite 1500
Denver, CO 80202

Phone: 1-(303) 350-5102

CA No.

Unit:

WELL(S)

NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS	
SOUTHMAN CYN 10D-36	36	090S	230E	4304735363	14093	State	GW	P	
SOUTHMAN CYN 12D-36	36	090S	230E	4304735364	14063	State	GW	P	
SOUTHMAN CYN 2D-36	36	090S	230E	4304735365	14079	State	GW	S	
SOUTHMAN CYN 14C-36	36	090S	230E	4304735770	14320	State	GW	P	C
SOUTHMAN CYN 8C-36	36	090S	230E	4304735771	14292	State	GW	P	C
SOUTHMAN CYN 16C-36	36	090S	230E	4304735772	14265	State	GW	P	C
SOUTHMAN CYN 15-36-9-23	36	090S	230E	4304736529		State	GW	APD	C
SOUTHMAN CYN 3-36-9-23	36	090S	230E	4304736530		State	GW	APD	C
BONANZA 4D-16	16	090S	240E	4304735622	14319	State	GW	P	C
ROCK HOUSE 13-36	36	100S	220E	4304735902		State	GW	APD	
ROCK HOUSE 3-36-10-22	36	100S	220E	4304736407		State	GW	NEW	C
ROCK HOUSE 1-36-10-22	36	100S	220E	4304736408		State	GW	APD	C
ROCK HOUSE 7-36-10-22	36	100S	220E	4304736409		State	GW	NEW	C
ROCK HOUSE 13-32-10-23	32	100S	230E	4304736411		State	GW	APD	C
ROCK HOUSE 4-32-10-23	32	100S	230E	4304736412		State	GW	APD	C
EAST BENCH 3-16	16	110S	220E	4304736125		State	GW	NEW	
EAST BENCH 1-16	16	110S	220E	4304736126		State	GW	NEW	
EAST BENCH 7-16	16	110S	220E	4304736127		State	GW	NEW	
EAST BENCH 15-16	16	110S	220E	4304736128		State	GW	NEW	
ROCK HOUSE 16-2	02	110S	230E	4304736152		State	GW	APD	
HANGING ROCK 1-32	32	110S	230E	4304736309		State	GW	APD	
RAINBOW 2-16	16	110S	240E	4304736184	14657	State	GW	DRL	C

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 9/26/20052. (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 9/26/20053. The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 9/29/2005

4. Is the new operator registered in the State of Utah: YES Business Number: 5771233-0161

5. If **NO**, the operator was contacted on:

6a. (R649-9-2)Waste Management Plan has been received on:

Requested 9/29/05

6b. Inspections of LA PA state/fee well sites complete on:

n/a

6c. Reports current for Production/Disposition & Sundries on:

9/29/2005

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM not yet BIA n/a

8. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: not yet

9. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: n/a

10. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, Transfer of Authority to Inject, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: n/a

DATA ENTRY:

1. Changes entered in the Oil and Gas Database on: 9/29/2005
2. Changes have been entered on the Monthly Operator Change Spread Sheet on: 9/29/2005
3. Bond information entered in RBDMS on: 9/30/2005
4. Fee/State wells attached to bond in RBDMS on: 9/30/2005
5. Injection Projects to new operator in RBDMS on: n/a
6. Receipt of Acceptance of Drilling Procedures for APD/New on: 9/26/2005

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: UTB000173

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: n/a

FEE & STATE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The NEW operator of any fee well(s) listed covered by Bond Number RLB0008031
2. The FORMER operator has requested a release of liability from their bond on: n/a
The Division sent response by letter on:

LEASE INTEREST OWNER NOTIFICATION:

3. (R649-2-10) The FORMER operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: n/a

COMMENTS:

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47079
2. NAME OF OPERATOR: Enduring Resources, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 542' FNL & 690' FEL		8. WELL NAME and NUMBER: Hanging Rock 1-32
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 32 11S 23E S		9. API NUMBER: 4304736309
COUNTY: Uintah		10. FIELD AND POOL, OR WILDCAT:
STATE: UTAH		

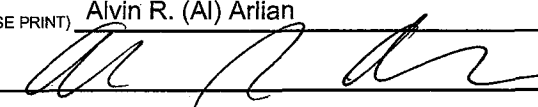
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Change well name and number</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

CHANGE WELL NAME AND NUMBER:

FROM: Hanging Rock 1-32
TO: Hanging Rock 11-23-14-32

Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY

NAME (PLEASE PRINT) <u>Alvin R. (Al) Arlian</u>	TITLE <u>Landman - Regulatory Specialist</u>
SIGNATURE 	DATE <u>11/10/2005</u>

(This space for State use only)

RECEIVED
NOV 14 2005

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML47079
2. NAME OF OPERATOR: Enduring Resources, LLC		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: n/a
3. ADDRESS OF OPERATOR: 475 17th Street, Suite 1500 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME: n/a
4. LOCATION OF WELL FOOTAGES AT SURFACE: 542' FNL - 690' FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 32 11S 23E S		8. WELL NAME and NUMBER: Hanging Rock 1-32
PHONE NUMBER: (303) 350-5114		9. API NUMBER: 4304736309
		10. FIELD AND POOL, OR WILDCAT: Wildcat
		COUNTY: Uintah
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 3/15/2006	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
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	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Request for APD Extension
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Enduring Resources, LLC respectfully request an extension to the expiration date of this Application for Permit to Drill

FROM: 4-21-2006
TO: 4-21-2007

A well name change is pending...

FROM: Hanging Rock 1-32
TO: Hanging Rock 11-23-41-32

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 03-21-06
By: [Signature]

NAME (PLEASE PRINT) Alvin R. (Al) Arlian	TITLE Landman - Regulatory Specialist
SIGNATURE [Signature]	DATE 3/15/2006

(This space for State use only)

RECEIVED
MAR 21 2006

DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4304736309
Well Name: Hanging Rock 1-32
Location: 542' FNL - 690' FEL NENE Sec. 32, 11S-23E
Company Permit Issued to: The Houston Exploration Company
Date Original Permit Issued: 4/21/2005

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☐

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐



Signature

3/15/2006

Date

Title: Landman - Regulatory Specialist

Representing: Enduring Resources, LLC

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MAR 21 2006

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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PHONE NUMBER: (303) 350-5114		8. WELL NAME and NUMBER: Hanging Rock 11-23-41-32
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QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 32 11S 23E S STATE: UTAH		10. FIELD AND POOL, OR WILDCAT: Wildcat

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<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:			

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Enduring Resources, LLC respectfully request an extension to the expiration date of this Application for Permit to Drill

FROM: 3/21/2007

TO: 3/21/2008

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 01-17-07
By: [Signature]

RECEIVED
1-17-07
RM

NAME (PLEASE PRINT) Evette Bissett	TITLE Regulatory Affairs Assistant
SIGNATURE [Signature]	DATE 1/8/2007

(This space for State use only)

RECEIVED

JAN 12 2007

DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 4304736309
Well Name: Hanging Rock 11-23-41-32
Location: 542' FNL - 690' FEL NENE Sec. 32, 11S-23E
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Date Original Permit Issued: 4/21/2005

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Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐


Signature

1/8/2007
Date

Title: Regulatory Affairs Assistant

Representing: Enduring Resources, LLC

RECEIVED

JAN 12 2007

DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 6, 2008

Evette Bissett
Enduring Resources, LLC
475 17TH Street Ste. 1500
Denver, CO 80202

Re: APD Rescinded – Hanging Rock 11-23-41-32, Sec. 32, T. 11S, R. 23E
Uintah County, Utah API No. 43-047-36156
309


Dear Ms. Bissett:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on April 21, 2005. On March 21, 2006 and on January 17, 2007 the Division granted a one-year APD extension. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective January 17, 2008.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner

